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CIVIL SERVICE RETIREMENT ANNUITIES

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HEARINGS
BEFORE THE
SUBCOMMITTEE ON RETIREMENT
OF THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
UNITED STATES SENATE
EIGHTY-NINTH CONGRESS
FIRST SESSION
ON
H.R. 8469

AN ACT TO PROVIDE CERTAIN INCREASES IN ANNUITIES
PAYABLE FROM THE CIVIL SERVICE RETIREMENT AND
DISABILITY FUND, AND FOR OTHER PURPOSES

AUGUST 12 AND 13, 1965

Printed for the use of the
Committee on Post Office and Civil Service



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CIVIL SERVICE RETIREMENT ANNUITIES

THURSDAY, AUGUST 12, 1965

U.S. SENATE,
SUBCOMMITTEE ON RETIREMENT OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The committee met at 10 a.m., pursuant to call, in room 6202, New Senate Office Building, Senator Donald S. Russell presiding.

Present: Senators Russell and Yarborough.

Staff present: William P. Guldridge, staff director and counsel; David Minton, LeGrand A. Rouse II, and Hugh B. Key II, professional staff members; and Frank A. Paschal, minority clerk.

Senator RUSSELL. The hearing will come to order.

This hearing before the Retirement Subcommittee is convened today to take testimony on H.R. 8469.

The subcommittee chairman, Senator Gale W. McGee, is unavoidably absent on official business, and the ranking member, Senator Yarborough, has been detained at another committee meeting. I shall open the hearing in their absence.

Senator Fong has been delayed at the Public Works Committee over in the House on a matter which he is deeply concerned about.

He does have a great deal of interest in the pending bill and will attempt to be here as quickly as possible.

H.R. 8469 will provide an increase of approximately 11 percent in those retirement annuities which began on or before October 1, 1956, and 6 percent in those which commenced thereafter.

The bill provides a slightly higher increase for widows of employees who passed away at a time when no survivor protection was afforded by the law.

The annuities of future survivors would be increased by changing the present base from 55 to 60 percent. This legislation would also change the procedure for granting automatic annuity increases.

At this point, I will insert in the record a copy of the House bill, H.R. 8469.

(The document referred to follows:)

[H.R. 8469, 89th Cong., 1st sess.]

AN ACT To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1(t) of the Civil Service Retirement Act, as amended (5 U.S.C. 2251(t)), is amended to read as follows:

"(t) The term 'price index' shall mean the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics. The term 'base month' shall mean the month for which the price index showed a per centum rise forming the basis for a cost-of-living annuity increase."

(b) Section 17(a) of such Act, as amended (5 U.S.C. 2267(a)), is amended by inserting immediately before the period at the end thereof the following: " , and for payment of administrative expenses incurred by the Commission in placing in effect each annuity adjustment granted under section 18 of the Act".

(c) Section 18 of such Act, as amended (5 U.S.C. 2268), is amended to read as follows:

"SEC. 18. (a) Effective the first day of the third month which begins after the date of enactment of this amendment each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by (1) the per centum rise in the price index, adjusted to the nearest one-tenth of 1 per centum, determined by the Commission on the basis of the annual average price index for calendar year 1962 and the price index for the month latest published on date of enactment of this amendment, plus (2) 6½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred on or before October 1, 1956, or 1½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred after October 1, 1956. The month used in determining the increase based on the per centum rise in the price index under this subsection shall be the base month for determining the per centum change in the price index until the next succeeding increase occurs. Each survivor annuity authorized (1) by section 8 of the Act of May 29, 1930, as amended to July 6, 1950, or (2) by section 2 of Public Law 85-465, shall be increased by any additional amount which may be required to make the total increase under this subsection equal to 15 per centum or \$10 per month, whichever is the lesser.

"(b) Each month after the first increase under this section, the Commission shall determine the per centum change in the price index. "Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.";

"(c) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

"(1) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 10(d)), which annuity commences the day after annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death, except that the increase in a survivor annuity authorized by section 8 of the Act of May 29, 1930, as amended to July 6, 1950, shall be computed as if the annuity commencing date had been the effective date of the first increase under this section.

"(2) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 10(d), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section for employee annuities which commenced after October 1, 1956, and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death.

"(d) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

"(e) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall after adjustment reflect an increase of at least \$1."

SEC. 2. Section 10 of the Civil Service Retirement Act, as amended (5 U.S.C. 2260), is amended by striking out "53" wherever it appears therein and inserting in lieu thereof "60". This amendment shall not apply with respect to employees or Members retired or otherwise separated prior to the date of enactment of this Act.

SEC. 3. The provisions under the heading "CIVIL SERVICE RETIREMENT AND DISABILITY FUND" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

Passed the House of Representatives August 3, 1965.

Attest:

RALPH R. ROBERTS, Clerk.

Senator RUSSELL. Prior to the first witness, Senator McGee has given to the clerk a statement which he asked be read at this point and incorporated in the record.

STATEMENT OF HON. GALE McGEE, A U.S. SENATOR FROM THE STATE OF WYOMING

Senator McGEE. I deeply regret that an assignment from another committee makes it impossible for me to be in Washington for these hearings on this much needed and very important legislation. I want to thank my good friend, Senator Yarborough, for his generosity in conducting these hearings, and I want to express my firm support for this legislation at this time.

The fact that the cost of living has just experienced a rather marked increase after many months of relative stability should give us further incentive to restore to civil service annuitants equitable treatment for their many years of service to the Government and the people of this Nation.

I will not reiterate the various provisions contained in this legislation but merely suggest that it in large measure fulfills the current need to provide adjustments in annuity rates, to improve the provisions for cost of living adjustment and to strengthen survivorship protection for the spouses of employees and future annuitants.

At the present time, there are more than 700,000 retirees and survivors on the rolls of the Civil Service Commission; considering the current population explosion and the increased longevity of the average American, it is obvious that these rolls shall continue to increase as the years go by.

As the number of Civil Service annuitants increases, their effect upon our whole economy increases. Thus, it is not only from the aspect of providing for the individual a decent and adequate retirement income, but also for maintaining the economic stability of a growing percentage of our population that we must consider retirement legislation.

Government service has always been upheld, as it properly should be, as employment of the highest order, giving the employee a chance not only to earn his living but to perform vital functions in the national interest to advance his Nation and its people.

I do not think it is fair for us to expect our employees to be rewarded for that service with inadequate incomes or inadequate retirement benefits.

Therefore, I am pleased to see the committee taking action on this legislation and I know that its deliberations will produce a bill which will advance the cause of equitable treatment for our retired civil servants.

Senator RUSSELL. Our first witness this morning is the Honorable Dominick V. Daniels of New Jersey, the author of the House bill. Congressman Daniels, you may come forward and proceed as you wish.

STATEMENT OF HON. DOMINICK V. DANIELS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. DANIELS. Thank you, Mr. Chairman, and the committee, for permitting me to testify before this committee this morning on behalf of this bill.

One of the most salient facts brought out during the hearings was that the cost-of-living feature for annuities contained in the 1962 bill is not working out very well.

As you know, this bill was unanimously approved by the Subcommittee on Retirement, Insurance, and Health Benefits, of which I have the honor to be chairman, and by the full Post Office and Civil Service Committee.

H.R. 8469 was considered by the House on August 3, 1965, and was unanimously approved by a record vote of 394 to 0.

I should like at this time to discuss some of the salient features of this bill.

First, the bill provides for an annuity increase of 11 percent for those who retired before October 1, 1956, and 6 percent for those who retired after that date, effective the first day of the third month after enactment.

The increase for both groups is in two parts: The 11 percent figure is arrived at by combining a straight 6½-percent increase with a cost-of-living increase based upon the rise in the cost of living, as reported by the Consumer Price Index published monthly by the Bureau of Labor Statistics, over the average of the price index for 1962. The price index in June had risen 4½ percent since 1962.

The 6-percent increase is arrived at by combining a 1½-percent annuity raise with a 4½-percent cost-of-living adjustment.

The distinction made between those who retired before October 1, 1965, and those who retired since that date is because the 1956 amendments raised the annuities of those who retired after September 1956 by about 20 percent.

The amendments did nothing, however, for those who retired before that date. Since that time, the pre-1956 retirees have received about 10 percent more than those who retired after that date, thus closing the gap considerably. This bill carries the same principle even further.

H.R. 8469 grants an increase of 15 percent or \$10 a month, whichever is least, to the so-called forgotten widows. These are the widows of employees or annuitants who passed away at a time when widows were not entitled to survivorship benefits.

I might point out that there are now about 15,000 in this category.

These annuities, actually gratuities, are quite small. They average about \$44 a month. No one can quibble about the need for doing something for this group whose need is so obvious.

Mr. Chairman, the remarks I am about to make with reference to the cost-of-living index were inadvertently omitted from my printed statement.

Present law provides that whenever the Consumer Price Index of the Bureau of Labor Statistics shall have risen by an average of 3 percent or more for a full calendar year above its average for the calendar year, 1962, annuitants shall receive a comparable increase effective April 1 of the next year.

It also projects into the future with provision for similar cost-of-living adjustments when a like percentage increase in the Consumer Price Index occurs after any cost-of-living increase in annuities is placed in effect.

As a practical matter, here is what has happened since 1962. The rise in the Consumer Price Index over 1962 reached 3 percent in November 1964 and has remained at that point or above ever since.

In fact, the latest available Index shows a 4½-percent increase as of June 1965. Under the formula in the 1962 retirement amendments, however, annuitants will not receive an adjustment until April 1, 1966—3 years and 6 months after the 1962 law was enacted.

For this reason we are seeking to change this provision. Under the provisions of H.R. 8469, whenever the Consumer Price Index of the Bureau of Labor Statistics shall have risen by an average of 3 percent or more for 3 consecutive months, annuities shall be increased by the highest percentage during such 3 months, with the increases beginning the third month which begins after the end of such 3-month period.

This provision will retain the spirit of the 1962 amendments but will accelerate the effective application of the cost-of-living feature.

Mr. Chairman, I would like to call the committee's attention to section 2 of the bill. This section provides an increase of 5 percent in the annuities of eligible widows of employees who died while actively employed or after retirement. Under present law, widows are entitled to 55 percent of the earned annuity or selected base.

In this area, the Federal Government has been extremely remiss. Not until 1948 did the Government enact a program for providing benefits to surviving widows and children of its employees.

I might point out that at this time, 38 percent of all survivors on the rolls—and there are more than 200,000 of them—are receiving less than \$50 a month. Seventy-nine percent are receiving less than \$100 a month. Ninety-three percent are receiving less than \$150 a month. Ninety-nine percent are receiving less than the \$3,000 per year, which we use as the poverty line. Clearly, we would be lacking in humanity if we failed to do something for these deserving widows. I use the term widows because although there are other categories of survivors, the overwhelming majority are widows.

Mr. Chairman, this bill is the result of extensive hearings by the Retirement Subcommittee. More than 50 Members of the House and Senate testified, in addition to representatives of every major employee organization. I do not need to belabor the need for passage of this bill; I am sure that you receive just as many heart rending letters from retirees and survivors attesting to the need for this bill as we do.

Some 700,000 retirees and survivors are looking toward the Congress for justice. I respectfully request that the Senate join the House in passing this fair and reasonable bill. Our retirees and survivors have not shared in the fruits of our expanding economy. You can help

them to become a part of the Great Society by supporting H.R. 8469.

Thank you.

Senator RUSSELL. Thank you very much. I am sure passage of the House bill can be attributed to your fine leadership as chairman of the House subcommittee which considered this legislation.

Our next witness is Mr. John W. Macy, Jr., Chairman of the U.S. Civil Service Commission.

Before you begin, Chairman Macy, we have letters from the Cabinet Committee on Federal Staff Retirement Systems and the Bureau of the Budget. These will be incorporated in the record at the beginning of your testimony.

(The material referred to follows:)

CABINET COMMITTEE ON FEDERAL STAFF RETIREMENT SYSTEMS,
February 10, 1965.

Hon. OLIN D. JOHNSTON,
Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the President's instructions, there was published in the Federal Register of Tuesday, February 9, his memorandum establishing a temporary Cabinet Committee on Federal Staff Retirement Systems. A copy of the pertinent page of the Federal Register is attached to this letter. As Chairman of the Cabinet Committee, I shall be grateful if you will advise your colleagues on the Post Office and Civil Service Committee of the President's action.

The Committee will have its organization meeting in the near future, and arrange for the appointment of staff to serve under the direction of Mr. David F. Lawton of the Civil Service Commission, who will also serve as Executive Secretary of the Committee. If there are any matters of particular interest to the Post Office and Civil Service Committee to which you wish to have us give attention, please let me know.

I am sending an identical letter to the chairman of the House committee, and similar letters to the chairmen of the House and Senate Committees on Armed Services.

Sincerely,

(Signed) KERMIT GORDON, *Chairman.*

[From the Federal Register, Feb. 9, 1965]

Memorandum of February 1, 1965

[CABINET COMMITTEE ON FEDERAL STAFF RETIREMENT SYSTEMS]

Memorandum for The Secretary of State, The Secretary of Defense, The Postmaster General, The Secretary of Labor, The Secretary of Health, Education, and Welfare, The Director of the Bureau of the Budget, The Chairman of the Civil Service Commission

The Federal Government pays an important part of the compensation of its employees in the form of benefits under staff retirement plans. Such plans are provided for civilian employees of the executive departments and agencies, and for members of the uniformed services. The patterns and amounts of these payments must be effective for their purpose. The payments must be properly related to the personal service upon which they are based, and to similar retirement benefit programs elsewhere in the economy.

The retirement policies of the Federal Government, as employer, and the programs and methods by which these policies are made effective were last examined in the reports of the Committee on Retirement Policy made in 1954. Since then numerous adjustments have been made in these Federal programs.

In order to establish up-to-date guides for use in the executive branch in considering proposed changes and further improvements in retirement plans, I request that the whole structure of our retirement policies be reviewed as to objectives, coverage of both civilian and uniformed personnel, benefit patterns, financial soundness, and overall consistency. I also request that survivor benefits available under the various retirement plans be examined in relationship to

similar survivor benefits provided under social security, Government life insurance, and other disability, death, and survivorship programs.

Accordingly, I appoint you to serve on a temporary Cabinet Committee on Federal Staff Retirement Systems under the chairmanship of the Director of the Bureau of the Budget. The Committee is authorized to conduct such studies as it deems necessary to carry out the purposes of this memorandum. The Committee should submit its final report to me by December 1, 1965, and include in the report recommendations for any adjustments which the Committee deems necessary to make the retirement systems fully effective and more equitable.

Each member of the Committee will designate an alternate to represent him when he is unable to attend Committee meetings. Members will furnish such assistance to the Committee as may be required in conformity with the provisions of section 14 of the Act of May 3, 1945 (59 Stat. 134, U.S.C. 691). Such assistance may include detailing of employees to the Committee, one of whom may be designated by the Chairman to serve as its executive secretary and staff director, to perform such functions as the Committee may assign. The Bureau of the Budget and the Civil Service Commission will provide administrative services to the Committee.

The Committee may request information from the executive departments and agencies pertaining to its work, and may invite the head of any Federal agency to participate in the Committee's meetings when matters of special interest to such agency are to be considered.

To the extent it deems appropriate, the Committee should consult with representatives of employee organizations and obtain advice from technical experts on retirement matters both within and outside the Federal Government. In arriving at its conclusions, the Committee should take account of the views of all who have an interest in the study and the competence to make a contribution to it.

This memorandum will be published in the Federal Register.

LYNDON B. JOHNSON.

[F.R. Doc. 65-1477 : Filed, Feb. 8, 1965 : 10:51 a.m.]

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 11, 1965.

Hon. A. S. MIKE MONROONEY.

Chairman, Committee on Post Office and Civil Service,
U.S. Senate,
New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to the committee's request for the views of the Bureau of the Budget respecting H.R. 8469, to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

The bill would increase all annuities payable to employees or their survivors who have retired under the Civil Service Retirement Act before the first day of the third month beginning after date of enactment. The annuity increase would be composed of two portions: first, an increase equal to the percentage increase in the Consumer Price Index since 1962 (which was 4.5 percent as of June 1965) plus an increase of either 6½ percent for persons whose annuities commenced on or before October 1, 1956, or 1½ percent for those whose annuities commenced after that date. Another adjustment is provided for certain pre-1948 survivors who were specially provided coverage under previous amendments. The bill would also revise the 1962 formula for future automatic cost-of-living adjustments in annuities. The Civil Service Commission estimates the first-year cost of these annuity increase provisions to be \$101.9 million, and the increase in the unfunded liability of the system to be about \$1.040 million.

Section 2 of the bill would increase the ceiling on the survivor annuity payable on death of an employee or annuitant to 60 percent of the earned annuity, or of the base selected for annuity, instead of the present 55 percent. In a report which the Chairman of the Civil Service Commission is submitting to your committee on this bill, opposed to this provision, he estimates it would increase the normal cost of the system by 0.18 percent of payroll, adding approximately \$58 million to the annual cost on the normal cost-plus-interest basis, and adding

\$817 million to the unfunded liability. The Chairman states that this provision is unrelated to the annuity adjustment problem, has not been demonstrated to meet a need which would justify its cost, and represents the piecemeal approach to retirement liberalization which the President's Cabinet Committee study is designed to prevent. The Bureau of the Budget concurs in the views expressed by the Civil Service Commission.

Accordingly, there would be no objection to enactment of H.R. 8469 provided section 2 is deleted, as its enactment would not be consistent with the administration's program.

Sincerely yours,

PHILLIP S. HUGHES.
Assistant Director for Legislative Reference.

STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION: ACCCOMPANIED BY DAVID F. LAWTON, DEPUTY DIRECTOR, BUREAU OF RETIREMENT AND INSURANCE, CIVIL SERVICE COMMISSION

Mr. MACY. Thank you, Mr. Chairman, I am accompanied by Mr. David F. Lawton, Deputy Director of the Bureau of Retirement and Insurance of the Civil Service Commission. He is here to join me in offering any testimony that you may desire with respect to this bill.

I am pleased to appear here today to present the views of the Civil Service Commission on H.R. 8469, a bill which proposes amendments to the annuity adjustment and survivor benefit provisions of the Civil Service Retirement Act.

Section 1 of the bill would amend the plan for permanent adjustment of annuities to reflect changes in the cost of living which was enacted in 1962 as part of Public Law 87-793. This law adjusted annuities up to date to 1962 by granting all annuitants on the roll January 1, 1963, an increase of 5 percent. It also provided increases of 4, 3, 2, and 1 percent in all annuities commencing in the 4-year period following January 1, 1963.

In addition, there was added to the retirement law itself a permanent cost-of-living annuity adjustment plan, starting from 1962, under which present and future annuitants are guaranteed automatic increases whenever there is a rise of at least 3 percent in nationwide living cost.

Under this plan, the Commission determines annually after each January 1 the percentage change in the calendar year average of the monthly Consumer Price Index, calculated from 1962 or from the year before the most recent cost-of-living increase, to the latest complete year. Effective April 1 of any year after the price index shows a rise of at least 3 percent, all annuities then payable which began before January 2 of the preceding year are subject to an automatic increase equal to the percentage rise in the price index, adjusted to the nearest one-tenth of 1 percent.

The Consumer Price Index calendar year average for 1964 was 108.1 as compared to 105.4 for 1962. This was an index rise of only 2.6 percent, and was insufficient to provide an automatic increase April 1, 1965. The earliest possible date for an increase under present law is April 1, 1966.

Section 1 of the bill under consideration today preserves the cost-of-living adjustment principle established in 1962, but would amend the adjustment plan to gear it to the more sensitive monthly price

index indicator, and would provide the following adjustments effective the first day of the third month which begins after enactment:

1. All existing annuities would be increased by the percentage rise in the price index computed on the annual average index for 1962 and the monthly index last published on date of enactment. Through June 1965, this was 4½ percent.

2. Annuities which began, or survivor annuities derived from annuities which began, on or before October 1, 1956, would be further increased by 6½ percent; annuities which began after October 1, 1956, would be further increased by 1½ percent.

These additions, when combined with the 4½ percent cost-of-living increase, would afford these annuitant groups total increases of 11 and 6 percent, respectively.

3. Annuities of widows and widowers of former employees who died before survivor protection became generally available in 1948, and whose gift benefits when later granted were limited to \$50 or \$63 a month, would be further increased by an amount sufficient to make a total increase of the lesser of 15 percent or \$10 a month.

For the future, Mr. Chairman, annuities would be increased automatically to reflect changes in the cost of living. Future increases would occur whenever the monthly price index showed a rise of at least 3 percent for 3 consecutive months over the base month used for determining the most recent cost-of-living adjustment. Each future increase would take effect the first day of the third month beginning after the price index showed the necessary 3-percent rise.

Section 2 of the bill departs from the subject of adjustment of existing annuities. It proposes an amendment under which annuities of eligible widows and widowers of employees who die in service or who retire and die after enactment would be 60 percent of the earned annuity or of the survivor base chosen by the employee, instead of the 55-percent portion provided by existing law.

The annuity increases proposed by section 1 of the bill would have an estimated initial annual cost of \$101.9 million, and would increase the unfunded liability of the civil service retirement fund by about \$1,040 million. The section 2 survivor benefit proposal would incur an annual level cost of approximately \$58 million, figured on the normal cost-plus-interest basis, and would add \$817 million to the unfunded liability.

As you indicated, Mr. Chairman, my letter of August 11, 1965, stating the Commission's official position on H.R. 8469 has been incorporated in the record. By memorandum dated February 1, 1965, the President created a Cabinet-level committee under the chairmanship of the Director of the Bureau of the Budget. The President directed the committee to study and review the whole structure of the Government's retirement policies as to objectives, benefit patterns, financial soundness, and overall consistency.

He specifically requested that available survivor benefits be examined in the context of life insurance and other benefits payable to survivors. In this connection, it is important to recognize that each benefit item must be considered in terms of its proper proportionate share of the total fringe benefit package.

It is the position of the Commission that it would be best to defer action on all retirement legislation until it can be considered in the

light of the findings and recommendations of the Cabinet Committee's report, which the President has directed be submitted to him not later than December 1, 1965.

In my testimony before the House subcommittee on March 31, 1965, I stated that it was the position of the Commission that there was neither need nor justification for any further annuity increase legislation beyond that already enacted into law. In the months which followed, however, we have taken a critical look at the existing cost-of-living adjustment plan. We have noted faults, particularly with respect to the annual average formula for computing the percentage rise in the price index. Each monthly price index since November 1964 has shown a rise of more than 3 percent above the level for calendar year 1962. Yet the annual average price index for 1964 showed a rise of only 2.6 percent, and an automatic increase would not become payable under existing law until April 1, 1966.

While, as I have said, the Commission believes it would be better to await the results of the Cabinet Committee's study, experience has shown that the mechanics of the cost of living annuity adjustment plan can be improved. The time element can be shortened by using the monthly price index instead of an annual average. The Commission will therefore not object to the enactment of H.R. 8469 insofar as it proposes adjustment of existing annuities to reflect changes in the cost of living.

We strongly recommend that section 2 be deleted from H.R. 8469. It proposes a major, permanent liberalization in the retirement law which is wholly unrelated to the adjustment of existing annuities—the basic purpose of the bill. The item is typical of the piecemeal approach to retirement legislation which the administration seeks to check by the formulation of up-to-date policies based on the Cabinet Committee study of the total Federal retirement structure. It bears no rational relationship to any other part of the employee benefit package and would not solve the number one survivor benefit problem.

In its deliberations, the Committee, of which I am a member, has recognized as a major defect the inadequacy of survivor benefits for short-term employees, particularly those with less than 20 years of service. We do not believe that there is such a problem for the survivors of employees who die after 30 or 35 years of service. The raise in the widow's benefit from 55 to 60 percent would do very little to help the widow of the employee with comparatively short service. It seems to the Commission that it would be foolish to commit the expenditure of \$58 million a year on a palliative which would be only that and not a real solution. This \$58 million is a substantial sum which would leave less to be spent for a better solution. We hope, in our report to the President next December 1, to be able to recommend a solution which would really help the widow who most needs help.

The Bureau of the Budget has advised that enactment of H.R. 8469 would be inconsistent with the program of the President if it includes the provisions now in section 2.

Mr. Roger Jones will be pleased to give testimony for the Budget Bureau.

Mr. Lawton and I will be pleased to answer any questions.

Senator RUSSELL. Then the only part of this bill to which you object is the survivor's annuity provision in section 2.

Mr. MACY. That is correct. As far as section 1 is concerned, we feel the action of the House in amending the formula for the cost-of-living plan is appropriate, and we support it. We believe it will make the system more responsive to the change in the cost of living and will assure prompt implementation of the policy established by Congress in 1962—namely, that the purchasing power of the earned annuity be sustained for those who have retired.

Senator RUSSELL. Would you explain in greater detail the cost of section 2?

Mr. MACY. Yes; the level cost would be \$58 million annually based upon our computations.

But, as I indicated in my prepared statement that there is an increase to the unfunded liability with this liberalization as well as with others.

Although I know it is unpopular to remind people of what things may cost in the future, in this program where we are really providing benefits for the future, it is important to recognize that these benefits must be funded at some date in the future.

In that regard, our estimate is that section 2 would increase the unfunded liability by \$817 million; \$58 million would be a level cost through time.

Senator RUSSELL. What would be the cost through the first year?

Mr. LAWTON. Much less. Probably not more than 5 or 6 million.

Senator RUSSELL. How fast would it increase?

Mr. LAWTON. It would go up exponentially as the number of survivor annuitants on the rolls increases in future years.

Mr. GULLEDGE. I presume the Cabinet's Committee is making a study of the condition of the civil service retirement and disability fund.

Mr. MACY. Yes, sir, Mr. Gulatedge, that is one of the major items on its agenda.

The point that Mr. Gulatedge raises is clearly set forth here. One of the grave concerns is the matter of financing not only this retirement plan but the retirement plans that cover military personnel, Foreign Service employees, and other Federal employees.

The study by the Cabinet Committee is related to all Federal retirement systems and consideration of what is the Government's proper position with respect to providing income after retirement, covering survivors and how such plans should be designed and financed.

The members of the Committee are the Secretary of State, the Secretary of Defense, the Postmaster General, the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Director of the Bureau of the Budget, and the Chairman of the Civil Service Commission.

This Committee has Mr. Lawton as its staff director. It has been working industriously for a number of months. Last month it held 4 days of hearings to permit organizations such as those that will appear before you this morning to give their views with respect to changes and modifications of the various retirement plans.

These were very helpful meetings. They afforded a better understanding on the part of the members of the committee of the views of representatives of employees and retirees with respect to this very important part of the total program.

Mr. PASCHAL. I notice in your statement when you referred to section 2 you estimated an annual cost increase of \$58 million. The Bureau of the Budget used the figure \$85 million. Is that an error somewhere or is it that far between the agencies?

Mr. MACY. You embarrass me, my friend. I am afraid I have not checked my statement with the Bureau of the Budget. We will endeavor to clarify the inconsistency.

Mr. PASCHAL. I thought we should have them closer.

Mr. MACY. Perhaps we are using different computers and we should reconcile them.

Mr. PASCHAL. Is it the feeling of the Civil Service Commission with respect to section 2 that 60 percent for survivor benefit is too high?

Mr. MACY. The view of the Commission is that this requires the kind of study that is underway at the present time. We do not feel that we have the information on which to form a judgment as to the proper percentage at the present time.

We do feel that the serious inadequacy with respect to survivor benefits relates primarily to the survivors of short-term employees.

It may very well be that for that group, 60 percent is inadequate.

Our feeling is that it would be wise to await a consideration of the total retirement plan before singling out this particular liberalization because we believe that Congress is entitled to presentations of all changes that appear to be indicated, and further, that the executive branch has an obligation to indicate what its recommendations are as to how such liberalization should be financed.

Mr. GULLEDGE. Mr. Macy, in your report on this proposal, you have given us \$102.4 million as the total cost for the first year. That is on page 2 of your report, dated yesterday.

Section 1 would cost \$101.9 million. It would seem that section 2 would only cost \$500,000, rather than \$5 or \$6 million the first year.

Mr. BROWN. As you said, Mr. Gulledge, that is correct. The estimated first-year cost of section 2 is only half a million dollars, but that will increase very rapidly in the future.

The level cost, which Chairman Macy previously stated, is \$58 million a year. It will go up to over \$100 million in the distant future.

Mr. MACY. Let me explain the testimony just given was from Mr. Maurice S. Brown, Chief Actuary of the Civil Service Commission. He is our mathematical adviser on these matters.

To correct my previous response, the \$58 million that I referred to is the level amount. This is an actuarial term to indicate the amount that would represent a level cost over an extended period of time.

But as you very properly point out, it starts out prospectively and the coverage therefore is limited to start with, but it rises as additional survivors come on the rolls.

Therefore the cost goes on up and on an exponential rise, and the level cost is the statistical term as to what it would cost if you level this line out over a period of time.

So, to be accurate, we should say that the initial cost for the coming year is a modest cost of approximately half a million dollars.

I apologize for confusing the testimony earlier. Does that clarify it for you?

Mr. GULLEDGE. Yes, sir.

Senator YARBOROUGH. I regret I did not have an opportunity to hear each question and answer, but as you know we are forced to divide our work between committees. I had to go to another committee for a few minutes before I could come over to this very important hearing.

I notice your statement about the creation of the Presidential Commission on February 1, 1965, to study this problem of annuities and survivor benefits.

Do we have in the record a table showing what amounts are paid to survivors and how many survivors we have?

Mr. GULLEDGE. We do not.

Senator YARBOROUGH (presiding). I presume that will be placed in the record later.

We have the percentage of survivors that are receiving old age assistance on the basis of need, where the survivor annuity is not enough. Are there any in that category?

There are some survivors receiving as little as \$44 a month. Do we have any data on that or is that awaiting study by the Commission?

Mr. MACY. We do not have data with respect to income of survivors. That is involved, as you point out, in this study.

One of the areas of major concentration by the Cabinet Committee is adequate protection for survivors of all Federal employees.

Also, Mr. Chairman, this has a direct relationship to social security coverage. One of the areas of related study that the Cabinet Committee is focusing on is how to relate these systems.

Senator YARBOROUGH. A study to see whether the average employee receives more or less compared to other people in different segments of our population.

Mr. MACY. That is correct and also see if coverage can be worked out in social security for the short-term employees' survivors.

Senator YARBOROUGH. For those who come in at 55 or 60 and work 5 years?

Mr. MACY. Yes; and even the young employee who unfortunately loses his life and leaves a young family and little in the way of survivor benefits.

That person, if he had established eligibility through social security coverage, would receive a reasonably satisfactory survivorship benefit.

But the civil service system, based upon length of service and salary, would produce very little, and of course, the plan does not vest until after 5 years.

Senator YARBOROUGH. That is being studied by the President's Committee.

Mr. MACY. Yes. I just indicated a charter of that committee assigned by President Johnson. The committee is proceeding to work very industriously on all of these issues and has a requirement to submit its report to the President on December 1.

Senator YARBOROUGH. Of this year?

Mr. MACY. Yes, sir.

Senator YARBOROUGH. Thank you very much, Chairman Macy. I will read that carefully.

Mr. MACY. If, after you have reviewed my statement, you have any questions you would like to ask, I will be happy to come to your office to answer them.

Thank you, Mr. Chairman.

Senator YARBOROUGH. The next witness is Mr. Roger Jones, Special Assistant to the Director of the Bureau of the Budget.

STATEMENT OF ROGER W. JONES, SPECIAL ASSISTANT TO THE DIRECTOR, BUREAU OF THE BUDGET; ACCCOMPANIED BY DAVID McAFFEE, STAFF MEMBER, BUREAU OF THE BUDGET

Mr. JONES. Mr. Chairman, thank you very much. I am accompanied by Mr. David McAfee, one of the staff members of the Bureau of the Budget who works on personnel legislation and personnel policy matters.

Mr. Chairman and members of the committee, may I first thank Mr. Paschal for his sharp eyes. He did catch a transposition in figures. There is no difference between the Civil Service Commission and our figures in cost. It should be \$58 million which has been explained as the level cost. The \$85 million is a transposition, and I will ask that it be corrected in the record.

Senator YARBOROUGH. You may correct your copy as you go through your statement.

Mr. JONES. Mr. Chairman and members of the committee, I appreciate this opportunity to appear before the committee to present the views of the Bureau of the Budget regarding H.R. 8469.

This bill proposes to increase the annuities of all retired Federal employees or their survivors; to revise the 1962 formula for cost of living adjustments in annuities; and to increase prospectively the annuities of widows and widowers from 55 to 60 percent of the employee's earned annuity.

Specifically, all annuities payable as of the first day of the third month beginning after date of enactment would be increased by the percentage change in the Consumer Price Index from the annual average for 1962 to the month latest published on the date of enactment. As of June 1965 the index has increased 4.5 percent.

Furthermore, annuities based on retirements effective on or before October 1, 1956, would be raised an additional 6½ percent, and annuities commencing after that date would be increased by an additional 1½ percent.

A third group of annuities—those being paid to widows and widowers of employees who died or retired before 1948—would be increased by an amount equivalent to the lesser of 15 percent or \$10 per month.

In place of the present formula for cost-of-living adjustments which measures the change in terms of calendar year averages, the bill would provide for the increases whenever the monthly price index shows a rise of at least 3 percent for 3 consecutive months over the base month used for determining the most recent cost of living adjustment. The

effect of this change would be prompter response to increases in living costs.

Section 2 of the bill would increase the annuities of widows and widowers of employees who die in service or who retire and die after enactment from 55 to 60 percent of the employee's earned annuity.

The Civil Service Commission estimates that the first-year cost of the proposed increases in annuities would be approximately \$102 million. Since the bill provides that all costs be met from the existing retirement trust fund, the increase in the unfunded liability would be \$1,040 million. The estimated cost of the section 2 provision changing the survivor annuity formula from 55 to 60 percent would be \$58 million per year, and a further increase of \$817 million in the unfunded liability of the system.

The Bureau of the Budget believes that the full purchasing power of the annuities of former employees and their survivors should be maintained. For this reason, we agree that the proposed revision of the 1962 formula for future automatic cost-of-living adjustments is a desirable improvement.

With respect to the proposed increases in annuities already payable, we are concerned over the fact that past adjustments have resulted in a haphazard pattern of increases that have not been directly related to actual loss of purchasing power. As a result, certain groups of annuitants have been treated more generously than others. The 1½, 6½, and 15 percent adjustments for the three groups of annuitants identified in the bill will not correct these discrepancies. Nevertheless, this general approach is probably the most feasible that can be undertaken at this time. Since we are not prepared to offer a better solution, the Bureau does not object to these provisions of the bill.

We do object, however, to section 2, which seeks to change one particular feature of the Federal benefit package for survivors. In the light of studies now underway, we believe that enactment of the section would be premature.

The President's Cabinet Committee on Federal Staff Retirement Systems is currently reviewing the adequacy of retirement and survivor benefits in relationship to similar survivor benefits provided under social security, Government life insurance, and other disability, death, and survivorship programs.

In the past, Federal employee benefit programs have been instituted and changed from time to time with little attention being paid as to how the benefits of one program related to benefits of another. As a result, there is some question as to whether the total package is as well balanced as it might be. In other words, would a different distribution of the components better meet the needs of the survivors?

The Cabinet Committee's report, which is due December 1 of this year, will make recommendations for changes deemed necessary to improve the adequacy and effectiveness of the benefit package as a whole. The piecemeal change proposed by section 2 of H.R. 8469 conflicts with the President's program. I strongly urge that it be deleted from the bill.

My testimony is largely repetitive of what Chairman Macy said but there may be questions the committee wants to ask of the Budget Bureau. If you have such questions, Mr. McAfee and I will be very glad to try to answer them.

Senator YARBOROUGH. Senator Russell?

Senator RUSSELL. No questions.

Senator YARBOROUGH. Counsel?

Mr. GULLEDGE. In other words, Mr. Jones, the Bureau of the Budget is in favor of the proposal with the exception of section 2?

Mr. JONES. That is correct.

Senator YARBOROUGH. Counsel for the minority?

Mr. PASCHAL. I have no questions.

Senator YARBOROUGH. I missed part of Chairman Macy's testimony while it was being given and I may not have heard this data on the cost of section 2.

Wasn't the question about what it would cost the first year—

Mr. JONES. The first year costs are very small. Mr. Brown's estimate is \$500,000.

Senator YARBOROUGH. What would be the second year cost?

Mr. McAFFEE. It depends on how many people retire each year. If we assumed the same number of employees retired the second year it would double, but the tendency will be for the number retiring to increase fairly rapidly from here on.

Senator YARBOROUGH. You say that the cost would be \$500,000 the first year and then double that, a million dollars, the second year?

Mr. McAFFEE. Yes, because you will still be paying the first year's retirees and to that you are adding an equal or greater number of employees.

Senator YARBOROUGH. Do you expect as many widows to be involved? This is applying to survivors only. Do you think that in 1 more year there will be double the number of survivors of retirees?

Mr. McAFFEE. No, I did not mean to express this in terms of numbers of individuals, but only in cost. The cost, of course, is directly related to numbers; I am just saying that it pyramids.

If you pay out \$500,000, the same number of dollars will have to be paid out to those same people, minus the widows whose husbands die the second year, but you will have added to that more widows; and these will either be about the same number or maybe a slightly greater number.

Senator YARBOROUGH. Has any computation been made as to what it will cost the third year?

Mr. McAFFEE. The actuaries have worked this out for about 60 years in advance.

Senator YARBOROUGH. How many years pass before you reach that figure of \$58 million as a yearly cost?

Mr. McAFFEE. Presumably halfway through the period, because the \$58 million is the normal cost.

It is the average of what it will cost over the period of time.

Senator YARBOROUGH. You mentioned the figure 60 years.

Mr. McAFFEE. I just picked that out of the air. I don't know what actual number the actuaries used.

Senator YARBOROUGH. We would like to get that calculation and put it in for the clarification of the record.

There is a vast difference between \$500,000 and \$58 million and we would want to see those computations so that we may determine what to do with section 2.

(Subsequently the following information was submitted for the record:)

The following table has been prepared by the Actuary of the Civil Service Commission:

Year:	<i>Estimated cost (millions)</i>	Year—Continued	<i>Estimated cost (millions)</i>
1st-----	\$0.5	25th-----	\$68.8
2d-----	1.7	30th-----	84.3
3d-----	3.2	35th-----	96.8
4th-----	5.0	40th-----	107.5
5th-----	7.0	45th-----	115.2
10th-----	16.5	50th-----	119.3
15th-----	30.8	55th and after-----	121.1
20th-----	48.6		

The average of the annual amounts is \$58 million which is the level cost cited by the Commission.

Mr. JONES. May I make one extension to my remarks at this time? As you will remember, the last full-scale study of the Government retirement system was undertaken 11 years ago.

Very shortly after he took office, President Johnson became interested in this because of proposals made to him for increases in social security and for a reexamination of military retirement systems as they provide survivor benefits.

As time went on, in connection with the review of the current year's budget, he decided to extend the study to retirement plans generally in order to update the study that was made by the Kaplan Commission.

A good many things have happened since then in our society as a whole with respect to survivorship and for older people. The Cabinet Committee is most anxious that it have a full opportunity to review the entire spectrum here, with particular emphasis on the short-term service people, as Chairman Macy testified.

As things now stand under the Civil Service Retirement Act there is no survivorship protection for people in their first 5 years of employment. Most of the younger people do not have social security coverage, either.

Senator YARBOROUGH. If they were under social security they would have to be under it for 18 months.

Mr. JONES. That is correct. We are concerned about this. Our objection to section 2 is that it seems to prejudge one specific issue—an issue on which we hope we can come up with a series of recommendations for a better survivorship package on an across-the-board basis.

We are not asking that the committee drop the question of survivorship. We are simply asking that it be deferred until we can put this report before you.

Senator YARBOROUGH. Are there any further questions?

Mr. GULLEDGE. Mr. Chairman, I have one further question.

Mr. Jones, the language in section 3 of the House-passed bill, I presume, is sufficient to avoid the situation in 1962 which required the Appropriations Committee to act before payments could become effective.

Mr. JONES. That is correct. Under H.R. 8469, the payments are made directly from the fund, Mr. Gulledge.

Senator YARBOROUGH. I think that is a good question and I am glad to have it clarified.

Thank you, Mr. Jones. Do you or Mr. McAfee feel you have any further information that will be helpful to this bill?

We hope to start on it as soon as we get the completed record of these hearings to study.

If you have any additional information which you think would be helpful on these points, you can send it up and we will put it in the record.

Thank you for your very brief and concise explanations.

Senator YARBOROUGH. Our next witness is Mr. Jerome J. Keating, president, National Association of Letter Carriers.

STATEMENT OF JEROME J. KEATING, PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS; ACCCOMPANIED BY J. STANLEY LEWIS, SECRETARY-TREASURER, NALC; AND DON KERLIN, LEGISLATIVE ADVISER, NALC

Mr. KEATING. Senator, I am accompanied today by the secretary-treasurer, J. Stanley Lewis, and Don Kerlin, our legislative adviser, and who was formerly on this staff.

We are here today representing the 170,000 members of the National Association of Letter Carriers. We have members in every State of the Union, the District of Columbia, and Puerto Rico. Among our membership, we have 15,000 retirees.

We want to thank you, Senator Yarborough, and the members of this committee for scheduling hearings on H.R. 8469 so soon after the action of the House. The House of Representatives thought most highly of this bill, approving it by a vote of 394 to 0.

Senator YARBOROUGH. I would say that is a pretty healthy majority.

Mr. KEATING. That is a fairly good majority.

One of the problems concerning annuitants is that what is an adequate annuity when a man retires, after a few years, because of the change in the value of the dollar, becomes an inadequate annuity. This is the basis of our principal problem today.

In the November 1964 issue of *Pension and Welfare News*, Geoffrey N. Calvert, a graduate in economics and political science, a fellow of the Institute of Actuaries (London) and an associate of the Society of Actuaries in America, declared:

The basic purpose to be served in establishing a pension plan is to enable each employee to enjoy freedom from want and a measure of economic security after he or she is no longer actively employed.

He also stated:

Pension plans are very long-term financial operations. To think of a pension plan simply as a promise to pay a stated number of dollars monthly, commencing at some future date, represents a superficial view. The hopes and expectations of employees are continuously built, during the period of employment, around the concept that they will be able to retire under the plan on a dignified basis and with enough income to meet their basic needs.

We are thoroughly in agreement with what Mr. Calvert said and we believe that we have a responsibility to see that those who are retired have their annuities maintained at a level that will give them a living comparable to what they expect when they retire.

The goal defined by Mr. Calvert is getting more and more attention in private retirement plans. The Bureau of National Affairs reported on a new agreement between the D.C. Transit System and the transit union.

Beginning November 1, 1965, disability, early retirement, and normal retirement will be adjusted each year on the anniversary of the employee's retirement. The adjustment will equal the percentage change in the preceding year in the age rate of the top-rated operator.

In this modern age, the purchasing value of the dollar is constantly changing. Since 1895, the purchasing power of the dollar has declined every year except the years during the depression in the 1930's. With the constant introduction of new products, the concentration of population in urban areas, the necessity of increasing Government activity at all levels, and the necessity for more dollars to maintain our standard of living, this situation is not likely to change.

The National Association of Letter Carriers strongly endorses H.R. 8469, the Daniels bill, recently passed by the House of Representatives.

The principal need is for an increase in the annuities of all retired employees and survivors of employees and retired employees presently on the retirement rolls.

There were 482,131 annuitants on the rolls on June 30, 1964. There were 205,855 survivor-annuitants on the rolls on the same date.

Among the annuitants, 49,544 were receiving annuities of less than \$50 a month; 125,450 were receiving annuities under \$100 a month; 211,501 were receiving annuities under \$150 a month; and 299,751 were receiving annuities under \$200 a month. This means that 62 percent of all those on the retirement rolls were receiving annuities of less than \$200 a month.

On the survivor-annuitant rolls, there were 78,252 receiving annuities under \$50 a month; 163,274 receiving annuities under \$100 a month (this is 79 percent of all of the survivor-annuitants). There were 190,773 receiving under \$150 a month, and 200,400 receiving under \$200 a month. This means that 97 percent of the survivor-annuitants were receiving less than \$200 a month.

It is interesting to note that 139,378 retirees out of the 482,131 on the rolls retired on disability. This figure is in keeping with the experience under social security and also under private pension plans. A substantial number of people who retire do so because of the condition of their health.

We feel that an increase in annuities is sorely and urgently needed. Certainly, under the most conservative evaluation, those who receive less than \$2,400 a year are on a poverty level and, in our fight against poverty, we surely should do something to raise the income of people getting less than \$200 a month.

The Bureau of Labor Statistics used to make studies in 20 selected cities of how much money was required for a retired couple to live. They stopped that study some time back. The last one was made in 1959. When they made that study in 1959, they decided that for a retired elderly man and his wife to live modestly, but comfortably, takes the following income:

In Chicago, \$3,636, which is the highest; Houston was the lowest, requiring \$2,641 annual income to live modestly and comfortably. Yet we have most of our annuitants getting less than \$2,400.

If the BLS figures are correct, and I think they are—I think it is a very accurate Bureau—people who are getting less than \$2,400 can't live in the city with the lowest cost with those studies. The average was close to \$3,000 a year, as I remember it.

The civil service retirement program has not completely ignored the concept that Mr. Calvert set forth that—

The hopes and expectations of employees are continuously built, during the period of employment, around the concept that they will be able to retire under the plan on a dignified basis and with enough income to meet their basic living needs.

The present law provides for an increase in annuities when the cost of living advances by 3 percent. This was made a part of the law in 1962, but the earliest the annuitants can receive an increase under this provision is April 1, 1966. This provision is totally inadequate, and we objected to it at the time it was under consideration as requiring too high a percentage increase in the cost of living, and as being based upon an inadequate base annuity. We believe that the annuity should have been increased to an adequate base before the cost-of-living index was imposed.

Under certain circumstances, the cost-of-living increase might require 14 months before it became effective. H.R. 8469 provides that the Commission shall determine the percent change in the cost of living monthly rather than yearly as the present law provides. H.R. 8469 also provides that effective on the first day of the third month which begins after the price index shall have equaled a rise of at least 3 percent for 3 consecutive months over the price index for the base month, the annuities shall be increased by the same percent increase as the cost of living. In addition thereto, those who retired prior to October 1, 1956, shall be granted an increase of 6½ percent in their annuities, and those who retired since that date shall receive an increase of 1½ percent. We endorse these increases wholeheartedly; they are sorely needed.

The increase provided for widows of employees who retired prior to 1948 of 15 percent or \$10 per month is most necessary. These survivor annuitants receive, on the average, \$44 per month. Fifteen percent sounds like a substantial amount, but 15 percent of \$44 is a small amount.

Section 2 of H.R. 8469 provides that section 10 of the Civil Service Retirement Act shall be amended by striking out 55 and inserting 60 wherever it appears.

This section has for its purpose increasing the annuities of those who are placed on the survivorship rolls in the future. The exceedingly small annuities that survivors are now receiving points up to the need for an increase in survivorship benefits. Seventy-nine percent of the survivor annuitants now on the rolls, as I pointed out previously, are receiving less than \$100 a month, and an increase in this area on a permanent basis is sorely needed. If this amendment is not included, as annuitants die and as active employees die, we will have more and more people added to the under-\$100 rolls.

It is our opinion that the provisions of this section are justified. We believe that the provisions of this section should be extended to the survivors of all annuitants now on the rolls. H.R. 8469 does not extend

the benefits of this section to present annuitants. We do not believe that if two people are living on a relatively small income, and one dies, that the surviving wife can get along on 55 percent of the income both were receiving. One hundred percent of the income might not be needed, but certainly 55 percent would not be sufficient. They can get along perhaps on less than 100 percent but 55 percent is a small percentage. There is a general tendency to increase the survivorship benefits in outside industry.

I was reading an article recently that discussed the survivorship benefits in Europe and countries, and all of the European countries are far ahead of us in this area.

I think that certainly we should improve the situation as far as survivors are concerned and, of course, the argument is frequently made, "Let's wait for a study."

We have a lot of studies in Government and the tendency of Government in making a study is to put off action. When you put off action, it means that there are a certain number of people who are going to be denied those benefits. We don't know how long it will be before that legislation will be enacted into law. Certainly, it will be some time next year and several months will elapse before the law is effective.

We think that the case for section 2 is strong enough so that it should be kept in the legislation now. If it is taken out, a lot of people who will retire will be denied the benefits that come from that law but I do sincerely hope it will be extended to those already retired.

There is one question that always comes up when we have a question of retirement and that has to do with the civil service retirement fund.

In connection with that, there is a good deal of discussion about the proper way to finance a retirement fund. Recently, a paper was read at the meeting of the actuaries under private practice. They have a conference every year. This paper was presented by John Hanson, who works for the Wyatt Co., one of the large national companies, and he described, I think, perhaps the three systems that are used for financing funds about as well as anybody. I think we could even modify one of them to some extent in his paper and this is just a resummary of a long paper, a rationale for certain cost provisions.

The House provisions indicated may be interpreted as follows: "Pay as you go;" the necessary contribution on a cash basis under a plan that will continue indefinitely. That is the basis under which the social security plan is financed although we are told that it is a little bit different than the other plans because it is not pay as you go exactly. It is a tax plan rather than a contribution plan.

Then, the second plan is "Normal cost and interest." That is the type of operation that the Civil Service Retirement Commission favors; the appropriate cost provision on an actual accrual basis under a plan that will continue indefinitely.

Under the accrual basis, they pay interest on the unfunded liability plus the normal cost of the plan.

Then the "Termination funding;" the appropriate plan to be considered temporarily. This is a very expensive operation that requires that enough money be put in to take care of all of the liabilities at such time as the plan should be discontinued.

Now, our plan is often singled out for being poorly financed—the only study that was actually made under the Government plans was made in 1954 by the Kaplan Commission. Under the Kaplan Commission, at that time the cost to the Government for Civil Service retirement was 5.15. That is the percentage of payroll. For Federal judiciary it was 19.72. They make no contribution. The sole contribution is made by the Government.

For the uniformed services, the cost was 9.49 percent of the total payroll, and Foreign Service officers and employees contributed at that time five and a half percent. We are contributing six. The payroll cost was 19.50.

So, you see, our plan is the least costly and our so-called unfunded liability at that time was \$9,911 million, and the unfunded liability of uniformed services, according to the Kaplan Commission was \$18 million; twice what our plan was. So, we also think it is sort of unfair to single out and all you hear about is the civil service retirement plan is not properly financed.

I have here a chart that we prepared and presented to the Cabinet Committee, and it shows the Government contributions year by year and the amount of the appropriations recommended by the actuary and the difference between recommended and actual appropriations, the compound interest factor and the amount of money that the Government should have contributed if they contributed what the actuaries recommended.

I might point out further that there is \$14 billion in the fund. The employees have contributed \$12 billion-plus, and the Federal Government has contributed \$10 billion-plus. That is total contributions.

From the total of \$10,300 million, Federal employees contributed over \$12 billion.

In the first 8 years, of course, the Government made no contribution. In 1954 and 1955, there was a provision in the law that they had to contribute money to take care of an increase in the annuitants and they contributed only for that amount. They made no general contribution to the fund. But if they had contributed exactly what the actuaries recommended over the years, there would be \$13,530 million more in the fund.

The year 1930 is the only year during the entire history of the operation of the plan wherein the Congress appropriated and in some cases it was not Congress' fault; sometimes the Commission cut down on what the actuaries recommended and sometimes the Bureau of the Budget cut down on what the actuaries recommended, but the appropriations in only one instance in all of the years since 1921 were what the actuaries recommended.

Now, we think that this ought to be taken into consideration. We believe that the Government has an absolute responsibility here. The fund will be in far better shape if they had contributed as regularly as the employees.

Presently the cost of the plan, according to the figures of the actuaries in the last report published which was for June 30, 1963—the actuarial report is a year behind the report of the Civil Service Commission and they are almost a year behind in actuality—so at that time the employees contributed six and a half percent and now the agencies contribute six and a half percent, but the deficit amounted to 0.49 percent of the payroll, so the fund is reasonably close.

As a matter of fact, the expenditures of the fund up until 1958 were paid entirely out of the employees' contributions. Since then, they have been using a little additional money but at the present time the expenditures of the fund are less than the employees' contribution and part of the interest.

So, I think that this bill is reasonable. I think that every bit of it is reasonable.

I would like to see section 2 extended a little further to take care of the retirees. But I do hope the committee will render a favorable report and that action will be taken very soon because there really isn't too much time remaining if we can believe all of what we read in the newspapers.

We appreciate the opportunity of presenting this testimony this morning.

Senator YARBOROUGH. Thank you, Mr. Keating.

Senator Russell?

Senator RUSSELL. No questions.

Senator YARBOROUGH. Counsel?

Mr. GULLEDGE. No questions.

Senator YARBOROUGH. Minority counsel?

Mr. PASCHAL. No questions.

Senator YARBOROUGH. Mr. Keating, you have some very interesting statistics in this statement of yours. I am very much surprised that out of 482,000 retirees on the rolls, 139,000 retired because of disability, inability to work, rather than on age. Of these 205,000 survivor annuitants, 49,544 were receiving less than \$50 a month.

Do you have any information available here with you today showing the figures on old age assistance which are based on need and not based on the legal right, as these retirees or the social security retirees?

Mr. KEATING. I do not, but actually the civil service retirement looked good compared to some of those programs. Part of it is due to the fact that small annuities were given to the widows of those who retired before 1948. There is another area that I did not mention which I think is quite important.

There are a few cases of mental or physical disability which makes it impossible for them to earn a living. I have had a few brought to my attention where those who retired before 1948 can't get a nickel anywhere. They get nothing under retirement. I think they are pathetic cases. There is only a handful of them, but it is rough on them.

Originally, of course, we had quite a checkered story on survivor annuitants. The annuity that they receive now is better than they did receive previously. The reduction that the employees have had to take prior to 1956 to provide survivorship benefits was quite high.

I have a letter that came in this morning from one fellow who was paying 17½ percent, but under the law at the time he retired, he could have paid 25 percent of the annuity to get the survivor annuity. Subsequently, it was changed to 20 on the smaller amounts and 10 percent. This had a tendency to keep down the number of those who elected survivor annuities.

There have been provisions where they could elect to have a reduction made on part of their annuity. Where the annuities are small and people are in good health, they have not elected the survivorship benefits. All of these things have operated to keep the

survivorship benefits low. I do not think we would show up too well in that comparison.

Senator YARBOROUGH. As you know, in State pension programs, they are based on age. The investigator goes out and interviews them. You might say it is charity. It is unlike these earned annuities.

I know in my own State, in the case of social security retirees, 20 percent of all of the social security retirees receive old-age assistance on top of that. Mine is not the highest, but in 20 percent of these cases the social security payments are so low they are less than old-age pensions.

I think the pension in Texas averages \$68. In some States, it is over \$100 a month, particularly in the mountain regions and Pacific coast, and the Northeastern States.

So, I wonder what percentage of these retirees have to go to the old-age-assistance program to get supplemental assistance.

Senator RUSSELL. Did you say that the payments out of the retirement fund have been greater than the amount of the contributions plus interest upon the fund. Is that correct?

Mr. KEATING. No. The payments out of the retirement fund have been less than the contributions plus interest.

Another factor we did not discuss is that we have not always gotten the amount of interest that we should on the basis of the going interest rate. In fact, recently it was held down to 2½ percent for quite a while, even though the going interest rate on private annuity funds was 4 percent. That was amended in the 1962 law.

You will remember, Senator Yarborough, where now the earning is about 3.26, which is still three-quarters of a percent less than the earnings in private pension funds.

Senator YARBOROUGH. Are there any further questions?

If not, thank you, Mr. Keating, and thank you, Mr. Lewis and Mr. Kerlin.

The next witness is Mr. Patrick J. Nilan, legislative director, United Federation of Postal Clerks.

STATEMENT OF PATRICK J. NILAN, LEGISLATIVE DIRECTOR, UNITED FEDERATION OF POSTAL CLERKS

Mr. NILAN. Thank you, Mr. Chairman.

Mr. Chairman, if it is agreeable to you and the members of the committee I would like to submit our statement for the record and comment briefly on section 2, which seems to be the main point in question.

Senator YARBOROUGH. That will be helpful if you will, and you may proceed in your own way.

Mr. NILAN. We will submit the statement of the United Federation of Postal Clerks.

(The statement referred to follows:)

STATEMENT PRESENTED BY PATRICK J. NILAN, LEGISLATIVE DIRECTOR, UNITED FEDERATION OF POSTAL CLERKS, AFL-CIO, ON H.R. 8469

Mr. Chairman and members of the committee, for the record, I am Patrick J. Nilan.

I am the national legislative director of the United Federation of Postal Clerks, AFL-CIO, with headquarters at 817 14th Street NW., Washington, D.C.

We are the sole national bargaining representatives of the 245,000 clerical employees in the postal establishment under the terms of our national agreement with the Post Office.

But the views I am placing on the record here today go beyond the immediate concerns of our working clerks to reflect also the aspirations and, indeed, the prayers of additional hundreds of thousands of retired Federal employees and their survivors—ranks who have aptly been described as the “forgotten people.”

These are the people for whom we speak today—nearly 700,000 retired Federal employees and dependent survivors, a vast majority of whom have been consigned, through no fault of their own, to lives of marginal survival on the fringes of poverty—innocent victims rather than beneficiaries of the Nation’s expanding economy.

So, I deem it a special privilege to have this opportunity to be heard in support of H.R. 8469, which proposes to share a small part of the benefits of the Great Society with all segments of that society rather than just some—the principle that says, “be just—fear not.”

For if any one group in our society has been denied justice it is those older retired people who reached retirement age 10 or 20 years ago and whose annuities—based on the smaller salary bases in effect at the time of their retirement—are literal pittances, insufficient to meet even the barest minimum needs for shelter and clothing, not to mention human dignity.

We recently obtained from the Civil Service Commission a set of comparative figures on this score that are revealing—to say the least.

The latest U.S. Civil Service Commission figures available to our union show that as of June 30, 1963, the average monthly annuity of all retired postal employees was \$219 a month, or \$2,628 per annum. But the average monthly annuity of postal employees who retired in 1964 is \$275 a month or \$3,300 per annum—higher by \$56 a month—higher by \$672 a year—than the overall average for all retired postal annuitants.

Obviously median figures of this nature do not begin to show just how pitifully small must be the monthly annuity of those who retired a decade or two decades ago.

Looking even at the most recent averages, a good case can be made for immediate cost-of-living annuity increases; but for the real elders among our retired people increases are urgent, overdue and obligatory. One does not need to be an economist to see that thousands of our retirees and their survivors are living in actual poverty by definition—that is, on incomes under \$3,000 a year.

The United States of America ought to be able to do better than that for its own loyal servants.

Scarcely a day passes that my mail does not bring new and often heart-breaking evidence of the injustice time has perpetrated. Permit me just a few quotes from recent unsolicited letters:

From St. Petersburg, Fla.: “I have \$67-a-month civil service disability retirement; having retired in 1946. Those who retired in 1956 receive so very much more. Is there any chance of righting this injustice soon? I am 73. Tomorrow may be too late. I don’t even have a burial allowance.”

From Fort Collins, Colo.: “I am 85 years old, retired in November 1940, after 38 years on the road (as a railway clerk) I am proud of the service I gave the Government during those many years. But we wonder how we can so quickly be forgotten and so easily neglected and forced to live as second-class citizens. Is there any prospect of some help for us older citizens? I hope I have not bothered you too much.”

From Seminole, Fla.: “I might as well go ahead and starve because I can’t make ends meet. Those who are working have gotten nearly 30 percent in raises since I retired, but my income has been raised a measly 5 percent or \$192 a year. The job I felt has since received raises totalling \$1,600 a year. Some day you will all be retired and you will see how it is.”

From Chicago, Ill.: “We didn’t get any increase in our annuities when the pay raise for working postal employees went into effect last July, but we have to pay the same for our consumer goods as those who did get raises. This is not a fair deal and we are not asking for much—just to be remembered a little for our past service.”

From Indianapolis, Ind.: “The recent increase in the cost of the health benefits program has permanently reduced my annuity by nearly \$5 a month and further increases in the cost of health benefits can be expected in the

future. Is it fair for inadequate annuities to be going down in this day and age?"

These viewpoints were selected at random, Mr. Chairman, that are typical of the hundreds of letters we are receiving about the existing inequities of the retirement system.

Earlier in this presentation I observed that the United Federation of Postal Clerks was testifying today in support of H.R. 8469 and basically the principle of more equitable annuities—and this can be construed to cover a multitude of legislative oversights.

For example; those who retired before 1948, after 45 years of service, are still limited to only one-half of their relatively small 5-year high average salaries while their latter-day successors—in the same job, and in the same category—can receive an annuity of 80 percent of their much larger 5-year high.

The 1956 Retirement Act brought many improved benefits—but only for those who retired after its passage. There are other examples; but this subcommittee and its excellent staff are, I am sure, more familiar than I with the extent and breadth of the inequities which were unresolved as of the enactment of 1956 legislation and subsequent retirement laws.

Mr. Chairman and members of the committee, the United Federation of Postal Clerks supports all provisions of H.R. 8469, including that part of the bill which proposes to increase survivorship benefits from the present 55 percent of a retirement annuity to 60 percent.

Public Law 80-426 enacted on February 28, 1948, originally established the 50 percent survivorship benefit and was subsequently amended to 55 percent 14 years later, on October 11, 1962, as a result of Public Law 87-793.

Mr. Chairman, we strongly urge this committee to recommend approval of this essential minimum improvement to 60 percent in the civil service retirement system as proposed in H.R. 8469.

Mr. Chairman, the antiquated and archaic ideology that "two can live cheaper than one" in present day American society certainly cannot be substantiated when a retiree is suddenly taken from his or her spouse after many years of married life. The expense of mortgage payments, utilities, automobile transportation, property maintenance, and the many other essentials of maintaining a minimum existence or standard of living by one's self after the death of a spouse certainly cannot be equated by a 55 percent, 60 percent, or even a 70 percent or 75 percent survivorship annuity.

Mr. Chairman and members of the committee, we hope you will agree if a 50-percent survivorship benefit was equitable and reasonable in 1948 when enacted into law (and we don't agree it was as a minimum adjustment), then certainly 17 years later, as of today, 1965, a bare minimum of 60 percent as provided in H.R. 8469, would appear more than justified by all criteria of reason, logic, comparability, and certainly Christian justice.

Mr. Chairman, we wholeheartedly endorse and recommend approval of all provisions of H.R. 8469 as presently being considered by this distinguished committee and we want to commend you for the expeditious consideration of this legislation.

Thank you, Mr. Chairman and members of the committee, for the opportunity to present the views of the United Federation of Postal Clerks on this most important legislation. We know, as always, you will give thoughtful and objective consideration to our representations.

Mr. NILAN. We will comment on section 2; that is increasing the survivor benefits from 55 to 60 percent, as recommended in the legislation before this distinguished committee.

I would like to refer the committee to page 4 of our statement.

Mr. Chairman, it happens frequently where the spouse is taken from this world and his widow or survivor must have the additional expenses of mortgage payments, taxes, utilities, automobile and other transportation, property maintenance, and the many other essentials of maintaining a minimum existence or standard of living by one's self after the death of a spouse certainly cannot be equated by a 55-, 60-, or even a 70- or 75-percent survivor's annuity.

We believe, Mr. Chairman, that the minimum of 60 percent as provided in H.R. 8469 would be justified.

We are very much impressed by the questions asked of Mr. Macy. The point was made very clearly and very effectively that the first-year cost of section 2 is estimated at approximately half a million dollars. Certainly, half a million dollars in a 9-month period or a period following enactment of the legislation would require a considerable number of widows to suddenly come into this classification.

But even if the half a million dollar figure is correct, certainly the project, as you brought out, for the next few years, is not a tremendous drain on the retirement fund.

We appreciate the President appointing this special committee to consider the retirement system of the Federal Government.

Also, we feel when this committee does conclude its recommendations and does present a report to the President and, subsequently, to the Members of Congress, certainly there will not be any question of increasing the survivor benefit as proposed in this bill.

We would like to believe that the Commission and the Congress subsequently will find that this figure should be raised to 75 percent or higher, depending on the information and the data that is made available. We do not feel that the question of a 5-percent increase in the survivor benefits is particularly a controversial point either as to the cost involved or certainly as to the proposals that are included in the bill.

I was very much impressed by the statements of my colleague, Jerome Keating, of the National Association of Letter Carriers, and I certainly share his feelings that certainly there should be a higher benefit so far as survivors' benefits are concerned.

As I mentioned, Mr. Chairman, we wholeheartedly endorse and support the provisions of H.R. 8469.

Senator YARBOROUGH. I want to ask a question and I will direct it to several of you gentlemen: What is the percentage paid to survivors of annuitants paid under social security?

Mr. NILAN. I am afraid I do not have that information.

Mr. KEATING. It is on a regular schedule.

Mr. JASPAK. 82.5 percent.

Senator YARBOROUGH. That is a surviving widow who had not worked but whose husband was drawing social security.

Do you know what the percentage is under the railroad retirement law?

Mr. KEATING. It would be about the same because they have a coordination plan.

Senator YARBOROUGH. You doubt it is as high as 80 percent under the railroad retirement?

Mr. JONES. That works a slightly different way.

You get a benefit for the man and an added benefit for the wife and the wife's survivorship is a percentage of the 100 percent of the man's retirement. We can give you a little more precise figures on this.

Senator YARBOROUGH. If a railroad retiree dies, does his widow continue to draw her percentage plus a share of his percentage?

Mr. JONES. No. She gets a basic percentage of his annuity. It comes out about as Mr. Jaspan indicated, but the computation formula is a little different than a straight percentage.

(Subsequently, the following information was supplied for the record:)

RAILROAD RETIREMENT ANNUITIES

Railroad retirement is considerably different from civil service retirement when it comes to survivorship benefits. Under the railroad retirement system, there are both wives' annuities and widows' annuities. Under civil service retirement, there is only a widow's annuity.

The computation of annuities under railroad retirement is quite complicated, but there is one provision to the railroad retirement law which places a definite floor on the amount of annuity that a widow will receive. The law contains a provision which guarantees railroad employees and their families that their total monthly benefits will be not less than 110 percent of the amount or 110 percent of the additional amount they would receive if the employee's railroad service after 1936 had been covered by the Social Security Act. This would mean that in many instances, the annuity could well be the same as social security—that is 82.5 percent of the employee's annuity, and quite certainly the computable annuity would be more than the civil service annuity.

Senator YARBOROUGH. Mr. Keating, you stated that in Europe widows receive higher benefits.

Can you furnish us data as to what foreign countries have programs similar to ours?

(Subsequently the following information was supplied for the record:)

WIDOWS' BENEFITS IN EUROPE

In the June 1965 issue of Pension and Welfare News, Clark T. Foster, writing on the subject of widows' benefits declared that:

"Widows' benefits in Europe have long been an integral part of the typical pension program and it would be difficult to find any U.S. plan more generous to widows than those that are commonplace abroad. The U.S. social security program, in fact, includes important widows' and orphans' benefits. Normal progress toward the rounded program of family security in our corporate employee benefit arrangement was detoured by the development of group life insurance, now the standard form of death benefit in the U.S. employee benefit package."

Specifically, in the typical benefit program of a German employer, "widows of employees who die before retirement—at any age, and after as little as 1 year of service—receive income for life or until remarriage, of as much as 60 percent of the pension the employee would have received had he survived to normal retirement age and continued to earn the salary he was earning at the time of his death."

Senator YARBOROUGH. Do you have available, Mr. Jones—I assume the President's Commission is studying this—what these annuities would be in private industry where they have pension plans separate from social security?

Mr. JONES. We have some information on the staff retirement plans which are additive to private systems, but in many cases the companies are not too anxious to reveal this type of information because it depends upon the method it is financed. Generally, the survivorship annuities, under the additive plans, are geared to what the social security benefit may be in terms of the life of the principal.

Senator YARBOROUGH. As you say, that would be a rather more difficult thing, because if it were labor in the plant it would depend upon the contract with the labor union and if it were with their executives they would be hesitant to furnish it.

Mr. JONES. For the production workers it is fairly easy to work but it is difficult for nonproduction employees. In many cases among the executives, for example, the basic pension is tabled to the officer, himself. There is no provision for survivorship but his own pension is high enough or his own annuity is high enough that it is expected

that he can make some provision for his widow. It is extremely complicated.

Senator YARBOROUGH. I think that would be too limited in numbers to be very helpful here where you are dealing with hundreds of thousands of people.

Mr. JONES. I do not believe the retirement committee staff will have enough definitive information on this point so that we can help this committee by inserting it in the information.

Senator YARBOROUGH. Do you have available what percentage is paid to survivors of annuitants of the State retirement system of those States that have retirement systems?

Mr. JONES. I just don't know how far it goes. We do have some information.

Senator YARBOROUGH. I will not hold up the hearings for it, but if any of you gentlemen have that information it would be helpful to have it.

Our next witness is Mr. Clarence Tarr, president, National Association of Retired Employees.

STATEMENT OF CLARENCE M. TARR, PRESIDENT AND LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES

Mr. TARR. My name is Clarence M. Tarr, president and legislative director of the National Association of Retired Civil Employees.

Our association's membership of more than 115,000 is made up of retired civilian employees of the United States and their dependents and survivors, and widows of employees who died in the service. We have over 900 chapters throughout the United States. We are the only national organization which speaks for more than 700,000 retirees and survivors now on the retirement rolls of the Civil Service Commission.

Today I am accompanied by George L. Nichols, our legislative representative, James O. Bellenger, associate legislative representative, and John A. Overholt, legislative counsel.

We appear here today in support of H.R. 8469 which has passed the House of Representatives and is now before this subcommittee. We also thank Senator Yarborough for his sponsorship of S. 422, also pending before this subcommittee. We thank Senator Carlson for introducing S. 236, Senator Neuberger for S. 548, Senator Montoya for S. 1037, and Senators Hill and Sparkman for S. 1685 and S. 1745. We will comment on all of these bills.

There are two major fields in which legislation is needed to correct inequities in our Federal civil service retirement system. This system was established 45 years ago to provide for Federal civilian employees, with the assistance of their own contributions, superannuation income in the form of lifetime monthly annuity payments, and retirement income maintenance for disability.

It is considered to be a merit system in that it is based on the premise that retirement income shall be fairly and directly related to the level of earnings and length of service. It was intended that those who work a full career for Government shall in retirement receive annuity income sufficient to permit them to live in dignity and

at a level comparable with their retired status. By later amendments, annuities were also provided for survivors of employees who die in service or after retirement.

During the past 45 years, there have been many changes in our national economy, in the purchasing power of the dollar, and in our retirement system. The annuity formula has been changed five or six times, with each change providing needed liberalization. The method and formula for providing survivor annuities has also been changed four or five times, with a progressively lower cost to retirees, and a progressively higher scale of benefits for survivors.

For a great many years, most of the changes were retroactive, providing benefits for those previously retired commensurate with benefits awarded to those who would retire in the future.

During the past 15 years, the liberalizations in the system have not been made retroactive, and during this same period we have observed the greatest inflationary advance for any similar period in history. As a result of these circumstances, we now find:

(1) Annuities paid to current retirees now range up to 75 and 80 percent more than annuities now paid to persons who retired from the same identical positions 15 or 20 years ago, and up to 25 percent and 30 percent more than annuities now paid to persons who retired 5 or 10 years ago.

(2) Persons retired from 10 to 17 years ago are now paying, through annuity reductions, up to 25 percent of their annuities, in order to provide survivor annuities on a 50 percent basis, while current retirees can provide survivor annuities on a 55 percent basis at a cost—through annuity reductions, of only 2½ percent of their annuities.

Examples of cases showing the above conditions are presented in the appendix to this statement.

S. 236, S. 1037, and S. 1685 are designed to correct some of the inequities in annuities of persons previously retired by giving them annuity increase of 10 percent on up to \$3,000 of their annuities, and 5 percent on any present annuity in excess of \$3,000.

S. 422, S. 548, and S. 1745 are designed to correct the inequities in survivor annuities by a recomputation of all deductions taken in order to provide survivor annuities under the more liberal formula in the 1962 law—2½ percent on up to \$3,600 of annuity and 10 percent on the remainder—and by the recomputation of survivor benefits to the 55-percent base available in the cases of persons who retired on or after October 11, 1962. We are in favor of the provisions of all of these bills.

Hearings on similar bills were held in the House of Representatives in March and April of this year, and the result is H.R. 8469 which recently passed the House of Representatives and is now awaiting action by your subcommittee.

H.R. 8469 approaches the annuity increase problem in two ways.

First, it seeks to liberalize the automatic cost-of-living increase provision of present law to provide increases in 1965 that would not otherwise be effective before April 1, 1966, under which annuitants would receive increases of approximately 4½ percent; and, second, it adds to the cost-of-living increase an additional 1½ percent in annuities based on service which ended after October 1, 1956, and an additional

6½ percent in annuities based on service which ended on or before October 1, 1956. It would also grant a minimum increase of 15 percent or \$10 per month, whichever is less, in the modest survivor annuities of widows of employees who died, or of those who retired, before April 1, 1948.

With respect to survivor annuities, H.R. 8469 would not correct any present inequities in deductions to provide survivor annuities, or in the amount of survivor annuities, but would increase from 55 to 60 percent the base for survivor annuities in the case of persons who retire in the future. In effect, this would add to the disparities in amounts of survivor annuities, without correcting any of the disparity in the costs of such annuities.

Quite naturally, we prefer the provisions of S. 236, S. 1037, and S. 1685 to the annuity increase provisions of H.R. 8469. These bills would give us annuity increases of 10 percent on up to \$3,000 in annuities this year, and we could still receive the cost-of-living increases amounting to at least 4½ percent in 1966.

However, we must recognize the fact that there is strong opposition in some quarters to such a program and there is danger that it would not be approved. Furthermore, we are impressed by the fact that H.R. 8469 provides a more workable formula for future cost-of-living increases as well as for the one now accrued.

Under present law, the increase in the cost of living, as reflected in the Consumer Price Index, must average at least 3 percent for an entire calendar year for the annuity increase to become effective in April of the following year. This has resulted in the present intolerable situation where the cost of living had advanced more than 3 percent before the end of 1964 but there is no possibility for a matching annuity increase until about a year and a half later.

H.R. 8469 provides that when the Consumer Price Index advances 3 percent or more, maintained for only 3 months, the annuity increase will follow 3 months later. This will insure that future cost-of-living increases will follow within 6 months after they are due instead of waiting more than a year. All things considered, therefore, we are willing to accept the annuity increase provisions of H.R. 8469 as the best that have a reasonably good chance of approval this year.

Section 2 of H.R. 8469 increases the base of survivor annuities for survivors of persons who retire in the future from 55 percent to 60 percent, but gives no relief either to survivors of former employees or retirees, or to retirees now suffering reductions up to 25 percent to pay for meager survivor annuities. We agree with the principle that survivors should have 60 percent of the annuities of their deceased spouses, but we believe the principle should apply to all.

If the principle is to be applied gradually, we believe it should first be applied to survivors of retirees who received small annuities in the past, and who need the 60 percent advantage much more than survivors of retirees who will receive much larger annuities in the future.

We are also impressed by the fact that there are more objections to section 2 of H.R. 8469 than there are to section 1. We understand also that section 2 is estimated to cost almost as much as section 1 of the bill and probably a great deal more than the cost of section 1 less the cost-of-living increases which would be due anyway in 1966.

I want to thank Mr. Keating and Mr. Nilan for requesting that H.R. 8469 be amended to include those survivors presently on the rolls and future survivors of present retirees, as well as the survivors of those who will retire in the future.

Section 2 as it is now written is unacceptable to us. Our association is committed to eliminating disparities and not increasing them, which section 2 would do.

For the reasons given above, therefore, we urge this subcommittee and the full Senate Committee on Post Office and Civil Service to amend H.R. 8469 by amending section 2 to benefit all survivors, or if this is not possible, deleting section 2, and report it promptly to the Senate for action. We plead for prompt action in order that the bill may be approved before the anticipated adjournment of Congress.

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Thank you again for this opportunity to appear. If you have any questions, we will be glad to try and answer them.

Senator YARBOROUGH. As I understand your position, you are recommending the elimination of section 2 and the prompt passage of the bill.

Mr. TARR. Yes, unless section 2 is amended to apply to survivors of previous retirees.

Senator YARBOROUGH. Are there any questions?

Mr. TARR. We have an appendix we would like to have made part of the record.

Senator YARBOROUGH. Without objection, it is so ordered.

(The appendix referred to follows:)

APPENDIX To NARCE STATEMENT, AUGUST 12, 1965

A former president of our association, who is remembered by many oldtimers around the Capitol for the time he spent in the legislative branch, was retired from a position in grade GS-9 in the executive branch in 1945 on account of disability, after completing 36 years of service. His high average salary was \$3,917.66 and his original annuity was \$1,800. At that time there was no simple procedure for providing a survivor annuity, and he received the full annuity. After annuity increases in 1950, 1952, 1955, 1958, and 1963, he now receives \$3,084 per year, or \$257 per month. A survivor annuity was provided for his wife under the 1948 act. of \$50 per month. This was increased to \$55 in 1958 and \$58 in 1963.

The salary average in grade 9 today, corresponding to the \$3,917.66 in 1945, is \$8,200. The earned annuity for this average, based on 36 years of service, computed under the 1956 formula with the 1962 increase of 2 percent, is \$5,708.30. In order to make this most comparable, we assume the man retiring today will elect a survivor annuity on the base of the first \$3,600 of his annuity, which lowers his annuity by \$90. Rounding out to even twelves, the retiree today would receive \$5,616, or \$468 per month, and at the same time provide a survivor annuity of \$1,980, or \$165 per month. The 20-year spread between these two retirees, even with all of the intervening adjustments, represents a difference of over 80 percent in retiree annuities and over 180 percent in survivor annuities.

One of our members was retired from the job of pressman in the Bureau of Engraving and Printing on account of disability in 1950, after 31 years and 9 months of service. At that time, his high 5-year salary average was \$4,020, and his earned annuity \$2,070. He elected a survivor annuity for his wife, which reduced his annuity to \$1,944, a loss of \$136. He received annuity increases of \$180 in 1952, \$216 in 1955, \$240 in 1958, and \$132 in 1963, and his annuity is now \$2,724, or \$227 per month. The survivor annuity for his wife would have been \$86 per month until 1958 when it went up to \$95, and in 1963 it was increased again to \$100. We can compare these figures with the annuity pro-

visions for his successor on the same job who could retire today. The salary in effect when our member retired was \$2.38 per hour, whereas today it is \$4.40. The current 5-year average salary would be about \$8,361. The annuity on this amount for 31½ years under the more liberal 1956 formula plus the 2-percent increase under the 1962 act, would be \$5,094. The current retiree could provide his wife with \$165 per month (\$1,980 per year) for a reduction of only \$90 per year, but let us assume he wants to be as generous as possible, and designates his whole annuity as a base for the survivor annuity. In this case he loses 2½ percent on \$3,600 and 10 percent on \$1,494, a total reduction of \$240. His current annuity would be \$4,860, \$405 per month, and his wife would receive a survivor annuity of \$2,396, \$233 per month. The current retiree from the same identical position receives more than 78 percent more annuity than the person who retired 15 years ago; and the survivor of the person who retires today will receive 133 percent more than the survivor of the one who retired 15 years ago. As a matter of fact, the survivor of the one now retiring will receive a higher annuity than the 1950 retiree receives today.

Examples are offered below of persons retired from the populous level 4 of the Postal Service, which applies to most of the clerks and letter carriers. Mr. A retired in 1949, after 30 years of service, with a high average salary of \$3,400. His earned annuity was \$1,770 but he took a 10-percent reduction to provide a survivor annuity, so his starting annuity was \$1,596, \$138 per month. The survivor annuity for his wife was \$888, \$874 per month. After receiving the 1952, 1955, 1958 and 1963 increases his annuity is \$2,328, \$194 per month, and his wife's survivor annuity is now \$1,020, \$85 per month.

Mr. B retired in 1954 after 30 years of service, with a high average salary of \$3,800. His earned annuity was \$1,890, but he elected a reduction of \$114 to provide a survivor annuity for his wife. His original annuity was \$1,776, \$148 per month, and his wife's survivor annuity was \$948, \$79 per month. After receiving the annuity increases in 1955, 1958, and 1963, his annuity is now \$2,292, \$191 per month, and his wife's survivor annuity is \$1,116, \$93 per month.

Mr. C retired in 1959, after 30 years service, with a high average salary of \$4,600. His earned annuity was \$2,598, but he elected a reduction of \$80 to provide a survivor annuity for his wife. His original annuity was \$2,520, \$210 per month, and his wife's original survivor annuity was \$1,296, \$108 per month. After the annuity increase in 1963, his annuity is now \$2,652 \$221 per month, and his wife's survivor annuity is now \$1,356, \$113 per month.

Mr. D is about to retire this year, after 30 years service, with a high average salary of \$6,500. His earned annuity, with the benefit of the increase voted him in 1962, will be \$3,729. He plans to take a reduction of \$102 to provide his wife with a survivor annuity. His annuity will be \$3,624, \$302 per month, and his wife's survivor annuity will be \$2,052, \$171 per month.

Even after receiving four annuity increases in 16 years, Mr. A, who is retired in 1949, receives only about 61 percent as much as the current retiree. Mr. B, who retired in 1954, who received three annuity increases in 11 years, now receives only 60 percent as much as the current retiree. Mr. C, who retired 6 years ago, and who has received one increase, now receives less than 75 percent as much as the current retiree. Also, although A is paying the most for a survivor annuity, his wife will get less than half as much as the wife of Mr. D. Mr. B is paying more than Mr. D for a survivor annuity but his wife will get slightly more than half as much as the survivor of Mr. D. Mr. C is paying slightly less than Mr. D for a survivor annuity but his wife will receive less than two-thirds as much as the survivor of Mr. D.

Likewise, under the Classification Act, we present figures for grades GS-5 and GS-9. Mr. E retired in 1949 after 30 years of service with an average salary of \$4,000 in grade GS-5 and elected a survivor annuity, which caused a reduction of \$195 in his annuity. His initial annuity of \$1,752, plus increases in 1952, 1955, 1958, and 1963 is now \$2,556, \$213 per month, and his wife's survivor annuity has increased from \$972 to \$1,152, \$96 per month.

Mr. F retired from the same GS-5 position in 1954 with an average salary of \$4,400 after 30 years of service, and elected a survivor annuity. His original annuity of \$1,956, with the benefit of increases in 1955, 1958, and 1963, is now \$2,496, \$208 per month. His wife's survivor annuity was originally \$1,152, and is now \$1,332, \$111 per month.

Mr. G retired from the same GS-5 position in 1959 with an average salary of \$5,000 after 30 years of service, and elected a survivor annuity. His original annuity was \$2,724 which was increased in 1963 to \$2,856, \$238 per month. His wife's survivor annuity has increased from \$1,416 to \$1,488, \$124 per month.

Mr. H is about to retire from the same GS-5 position with an average salary of \$6,200 after 30 years of service. His earned annuity, with the benefit of the increase in the 1962 law, is \$3,557. He elects a survivor annuity for a reduction of \$89. His annuity will be \$3,468, \$289 per month, and his wife's survivor annuity will be \$1,956, \$163 per month.

Mr. H's annuity is 37 percent higher than the annuities of Mr. E and Mr. F, and more than 21 percent higher than Mr. G's annuity. In the case of the survivor annuities, the difference is even greater.

Mr. J. retired from grade GS-9 position in 1949 with an average salary of \$5,300 after 30 years of service, and elected a survivor annuity. His original annuity of \$2,148, with the increases in 1952, 1955, 1958, and 1963, is now \$3,036, \$253 per month. His wife's survivor annuity was originally \$1,188, and is now \$1,368, \$114 per month.

Mr. K retired from the same grade GS-9 position in 1954, with an average salary of \$6,000 after 30 years of service and elected a survivor annuity. His original annuity of \$2,508 has grown through the 1955, 1958, and 1963 increases to \$3,204, \$267 per month. His wife's survivor annuity, originally \$1,476, is now \$1,704, \$142 per month.

Mr. L retired from the same GS-9 position in 1959, with an average salary of \$7,000 after 30 years of service and elected a survivor annuity. His original annuity was \$3,720, but was increased in 1963 to \$3,912, \$326 per month. His wife's survivor annuity was originally \$1,968, and is now \$2,064, \$172 per month.

Mr. M is about to retire from the same GS-9 position with an average salary of \$9,000 after 30 years of service, and will elect a survivor annuity. His annuity, with the benefit of the 1962 increase, will be \$4,968, \$414 per month, and his wife's survivor annuity will be \$2,868, \$239 per month.

Mr. M's annuity will be more than 50 percent higher than Mr. J's, almost 50 percent higher than Mr. K's, and almost 25 percent higher than Mr. L's. Mrs. M's survivor annuity is more than double Mrs. J's, about 67 percent higher than Mrs. K's, and more than 25 percent above Mrs. L's.

All of these examples show that annuity increases have not kept up with salary increase, and those who retired a number of years ago have a just claim for substantial annuity increases.

Mr. PASCHAL. Did I understand you to say you agreed with Mr. Keating's amendment?

Mr. TARR. We agreed to this extent: That present survivors, the survivors of present retirees should be included in section 2.

Mr. PASCHAL. Mr. Keating's amendment would not eliminate such a group.

Mr. TARR. I may have misunderstood him, but I understood Mr. Keating to say that he would like to see present survivors and future survivors of those presently retired to be included in the bill.

Mr. KEATING. That is right.

Mr. TARR. That is what we would like to have.

Owing to the time, we do not want this bill to be killed. Our people cannot gamble their short future on section 2, because it does not help them. They have waited many long years. We cannot gamble with their future.

Mr. PASCHAL. I just wanted it clear for the printed record. I thought you wanted section 2 eliminated.

Mr. TARR. No. We would be very happy if your committee would approve it, but if it is going to cause a delay and cause a possible loss of the bill, then we would rather have section 2 out.

Do I make myself clear?

Senator YARBOROUGH. Are there any further questions?

Thank you very much, gentlemen.

The next witness is Mr. Sidney A. Goodman, president of the National Postal Union.

STATEMENT OF SIDNEY A. GOODMAN, PRESIDENT, NATIONAL POSTAL UNION

Mr. GOODMAN. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the subcommittee, my name is Sidney A. Goodman, and I am privileged to serve as president of National Postal Union, located at 509 14th Street NW., Washington, D.C.

I am accompanied here by our secretary-treasurer, David Silvergleid. We represent over 53,000 postal employees, organized in excess of 500 local affiliates in 50 States, including Alaska, Hawaii, Puerto Rico, and the District of Columbia.

We are grateful, Mr. Chairman, for your speedy action in scheduling hearings on H.R. 8469, which was approved by the House of Representatives on August 3, 1965, by the overwhelming vote of 394 to 0.

There can be no doubt in anyone's mind that the immediate beneficiaries of this legislation, namely, civil service retirees and survivor annuitants, are in urgent need of financial assistance.

As stated by the distinguished chairman of the House Subcommittee on Retirement on March 16 of this year:

The history of civil service annuity adjustments to meet exploding costs of living has been one of too little and too late, and our subcommittee does not propose to let this history repeat itself. We intend to act promptly to carry out the Government's obligation to its retired employees this year.

However, there are many bills dealing with revision of the Civil Service Retirement Act before this subcommittee. We know that the distinguished members of the committee will understand our obligation to reflect the needs of our membership with respect to them.

Thirty years ago, annuities received by postal employees constituted a major factor in attracting and retaining desirable personnel. Today, with the advent of social security and the development of numerous and comparable "outside" retirement plans paid for entirely by employers, existing postal annuities can no longer be considered the positive factor they once were. Government, if it is to compete in the labor market, must again restore the retirement system to the favorable position it once held.

National Postal Union's retirement program, as adopted by various national conventions, is as follows:

1. Elimination of the 1-percent deduction per annum between the ages 55-60.
2. All annuities to be tax exempt. Elimination of all deductions assessed for the privilege of selection of widows' and dependent's annuities.
3. Optional retirement after 25 years of service, regardless of age, based upon $2\frac{1}{2}$ percent of the highest 1 year of service multiplied by the number of years of service, not to exceed 100 percent of the salary.
4. No increase in the present $6\frac{1}{2}$ -percent deduction of the employee's basic salary.
5. Extend all benefits to former employees now on the retirement rolls.
6. All salary increases enacted be immediately reflected in retirement benefits to all annuitants.

7. That the Government appropriate such sums as may be necessary to assure that Government contributions will have equalled employee contributions since the inception of the act in 1920.

8. That the proviso of 5 years of civilian service for survivors' benefits under the death claim be changed to read: "Immediately upon becoming a member of the Civil Service Retirement Fund."

9. When a wife or husband for whom the survivor's annuity election was made predeceases the employee, the employee's annuity be automatically restored to the full amount.

Administration spokesmen have recommended delay in consideration of basic retirement legislation until a report has been rendered by the President's Cabinet-level Committee on Retirement. Under the circumstances, while we believe liberalization of retirement benefits is long overdue and fully warranted, we recognize that remedial action can be limited at present, to those who need it most—civil service retirees and survivor annuitants.

We strongly support H.R. 8469 as an absolute minimum which retirees are entitled, and urge its approval by this subcommittee.

I wish to thank the subcommittee for the opportunity of presenting our views on this most vital issue.

Senator YARBOROUGH. It is your position that section 2 should be left in the bill but the President's Commission, created February 1, should consider this overall study to bring them up to some comparable level of living.

Mr. GOODMAN. That is right.

Senator YARBOROUGH. Are there any questions?

Thank you very much.

The next witness is Mr. Daniel Jaspan, legislative representative, National Association of Postal Supervisors.

STATEMENT OF DANIEL JASPA^N, LEGISLATIVE REPRESENTATIVE, NATIONAL ASSOCIATION OF POSTAL SUPERVISORS

Mr. JASPA^N. My name is Daniel Jaspan. I am the legislative representative of the National Association of Postal Supervisors, composed of more than 28,000 supervisors in the postal field service in all 50 States, Puerto Rico, and the Virgin Islands. Our membership also includes supervisors in the motor vehicle and maintenance services.

We appreciate the interest of the chairman of this subcommittee and the other members in the problems of the more than 700,000 retired Federal employees and survivor annuitants. We strongly recommend that this subcommittee take the necessary action to adjust these annuities since immediate relief is needed. H.R. 8469 is a forward step in the right direction.

Many former Federal employees on the retirement rolls retired when salaries were much lower than they now are. They retired under much less liberal provisions than those who were separated after the enactment of Public Law 84-854 in 1956 and Public Law 87-793 in 1962. If the higher salaries which were justified had been paid prior to 1962, the annuities would have been larger. These retirees and their survivors are receiving smaller annuities due to substandard salaries which were paid prior to 1962, when salary comparability was made part of the law.

Public Law 87-793, which supposedly established true comparability, did not achieve its objective on a current basis. This, too, means that annuities are still not based on truly comparable salaries. If they had been, and if they now were, the annuities would be increased for all retirees and for those who will retire in the future.

Public Law 87-793 attempted to make some provision for increasing annuities by granting a 5-percent increase to those on the retirement rolls prior to 1962, with a sliding scale ranging from 4 percent to 1 percent for those retiring over the following 4 years, ending in 1966. This law also had what appeared at that time to be a hedge against inflation: A cost-of-living adjustment based on the Consumer Price Index.

Cost-of-living adjustment: According to Public Law 87-793, an upward revision of annuities is made when the Consumer Price Index increases 3 percent or more above calendar year 1962 with similar adjustments in the future. The actual adjustment is not made until the following April after this increase has occurred. This means a considerable delay in receiving the benefits of this law. Although the Consumer Price Index has increased much more than 3 percent since 1962, those already retired would have to wait until April 1966 to be given an increase in their annuities.

H.R. 8469 would not only provide for accelerating that increase but would also shorten the period between increases by making an adjustment when the Consumer Price Index advances 3 percent and maintains that percentage for 3 months.

The enactment of H.R. 8469 would relieve the considerable pressure on those who have retired, as well as their survivors.

Although we have many suggestions for liberalizing retirement benefits, we do not want to do anything to jeopardize the chances of having H.R. 8469 enacted into law. We believe, however, that this bill does overlook a small number of people who have no spokesman. I am referring to the widows of employees who died prior to February 29, 1948. If these widows were married less than 5 years to the employee who died, they received no annuity and still receive none. Under present regulations it is necessary to be married to the employee only 2 years for the widow to receive such benefits.

We strongly urge this subcommittee to examine the possibility of applying the 2-year provision to those widows who were denied annuities when it was necessary to have been married for at least 5 years to qualify. We are sure that this is a small number of people and it would be the humane action to take.

We are strongly in favor of H.R. 8469 being enacted as passed by the House, with the exception of the two amendments, the first of which would take care of the widows mentioned above.

The second amendment we propose would lessen the impact of the sudden drop in annuities in cases when the employees cannot qualify for retirement by the first day of the third month following enactment. This means a sudden drop from approximately 8 to 2 percent if they retire this year, and 1 percent if their retirement is effective in 1966. Provision was made in Public Law 87-793 to cushion this cutoff date by granting additional annuity beginning with 5 percent and gradually decreasing by 1 percent each year from 1963 through

1966. We hope that this subcommittee can work out a similar amendment.

We also request that section 2 be retained in the bill. This section increases the survivor benefits from the present 55 to 60 percent. We believe that the 60 percent should actually be increased to at least 75 percent. Since survivor benefits under social security are 82.5 percent of the annuity of the employee, 60 percent certainly is not out of line and we hope that in the near future this amount will be further increased.

Thank you for the opportunity of permitting us to give our views on the pending bill. We hope that favorable action will be taken quickly.

Senator YARBOROUGH. Thank you, Mr. Jaspan.

Any questions?

I request the staff to study this problem of the widows of employees who died prior to February 29, 1948, widows who were married less than 5 years to employees who died. Give us an estimate of the number and method of making some adjustment to them.

The Veterans' Subcommittee recently reported a bill which the veterans organizations long sought. It is now on the calendar and is expected to pass the Senate today to permit the orphans of veterans who died under combat conditions prior to 1940 to go to school.

There are vast provisions for veterans' orphans where the veteran was killed in combat, but they were taken as of the combat date of World War II. There are some before that. When we had the hearings, we found the number in the whole Nation was only 24. It took a vast effort just for that small number.

In the last year or two, a question has arisen as to orphans of Spanish War veterans.

The fact that there is a small number does not mean they should not receive consideration just as thought they were a large number of people. I want that study made.

If there are no further questions and no further statements, the committee will stand recessed until 10 o'clock tomorrow. We are to have a statement of Senator Joseph M. Montoya, of New Mexico, placed in the record. He will submit a written statement for this bill.

Thank you all for your very brief and formal and concise statements.

(The following statement was submitted by Senator Montoya for the record:)

STATEMENT OF HON. JOSEPH M. MONTOYA, A U.S. SENATOR FROM FROM THE STATE OF NEW MEXICO

Mr. Chairman, it is my pleasure today to add my strong endorsement to those you have already received in behalf of this bill, H.R. 8469, to provide vitally needed relief for retired members of the Federal civil service and for their survivors.

This bill closely resembles S. 1037, which I introduced with my distinguished colleague from Utah, Senator Moss, last February 8. In the interest of expeditious action, I suggest that we concentrate on H.R. 8469, which has already passed the House, before taking any further action on S. 1037.

The need for adjustments in the annuities the Federal Government provides for its retired employees and their survivors is shockingly apparent when a few statistics are examined.

More than one-fourth of these 482,000 people are receiving less than \$100 a month. More than 60 percent get less than \$200 a month.

Twenty-four hundred dollars a year is not enough for a family to live on, and an annuity that provides only \$1,200 is a distressing commentary on the deficiencies in the retirement system, and on the treatment we are accorded men and women who have served their Government long and faithfully.

Bad as this situation is, that of the survivors of retired employees is much worse. Four of every five are living on payments of less than \$100 a month. Only 5,400 out of 206,000 receive more than \$200.

In New Mexico, there are 2,784 Federal retirees and 822 survivors. We are proud of these people. They are good citizens, and we are glad that they have chosen our State for their retirement years.

But I am not proud of their income statistics. They average \$2,016 a year, \$180 below the national average, and the survivors are receiving an average of \$966, which just matches the average.

No one should be asked to live on that kind of income, and yet we are making such a demand on retirees in my State and throughout this Nation. It is disgraceful.

The men and women who served their Government faithfully for so many years are entitled to a secure and dignified retirement. Without adequate income, they are robbed of the peace of mind which is so essential to happiness and well-being.

A letter I received from a constituent expressed the need of these retired civil service employees unusually well. Let me quote:

I am writing to request consideration in the passing of legislation proposed for retired Government employees, those old and gray-haired people who were once the backbone of the U.S. civil service.

We have now reached a place where bills are put back from month to month and held over from time to time * * *. It is hard to live on half of what your income used to be, and, taken in connection with the inflated dollar, it constitutes a real problem.

Granny used to be someone in the corner by a fireplace where the children slipped her a piece of toast or a bowl of soup, but that's a long time ago. Now she's a little old lady who has put in her time for Government and finds a shrinking dollar too small for her needs.

I sympathize with this lady's plight, Mr. Chairman, and I am confident that this committee does also.

I urge your favorable action on H.R. 8469.

Thank you.

(Whereupon at 12 noon, the subcommittee recessed, to reconvene at 10 a.m., Friday, August 13, 1965.)

CIVIL SERVICE RETIREMENT ANNUITIES

FRIDAY, AUGUST 13, 1965

U.S. SENATE,
SUBCOMMITTEE ON RETIREMENT OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 6202, New Senate Office Building, Senator Ralph W. Yarborough presiding.

Present: Senators Yarborough and Fong.

Staff present: William P. Guldridge, staff director and majority counsel; David Minton, LeGrand A. Rouse II, and Hugh B. Key II, professional staff members; and Frank A. Paschal, minority clerk.

Senator YARBOROUGH (presiding). The hearing is reconvened to continue taking testimony on H.R. 8469, a bill to provide certain increases in annuities to retired civil service employees and their survivors.

Our first witness this morning is Mr. John F. Griner, president, American Federation of Government Employees.

Mr. Griner, you may come forward and proceed as you wish.

STATEMENT OF JOHN F. GRINER, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Mr. GRINER. Thank you, sir.

Mr. Chairman, for the record, my name is John F. Griner. I am national president of the American Federation of Government Employees.

The organization that I represent wholeheartedly supports H.R. 8469, which has received the approval of the House of Representatives and is now pending before this Senate subcommittee. It is a good bill to the extent that it will bring some measure of relief to those annuitants who, because of retirement in earlier years, are receiving proportionately smaller payments.

I would like to have had the increase of payments of those presently on the retirement roll larger than the 11 percent provided for those whose annuities began before October 1, 1956, and the 6 percent for those annuities which began after that date. These raises will help where raises are so acutely needed. The important consideration is to expedite the increases which are proposed and to augment this raise with additional increases next year.

If the proposed increases are approved as soon as practicable, those annuitants in particular who are receiving such pitifully small benefits will experience some relief. For those annuitants who retired before

1956 the escalator formula should have provided a stopgap, but that provision failed to satisfy expectations.

Providing larger benefits for retired Federal employees and their survivors should actually be thought of as one of the effective means of waging the war on poverty. The Council of Economic Advisers has suggested \$3,000 as the annual income below which a person may be said to be living in poverty. That point of demarcation between poverty and minimum subsistence living is applicable whether the person is actively in the labor market and failing to obtain adequately compensated employment or living in a retired status.

It is startling, therefore, to realize that 75 percent of all Federal employee annuitants are receiving less than \$250 a month or \$3,000 a year. It is even more surprising to know that 35 percent of the 482,131 annuitants are paid less than \$125 a month or \$1,500 a year. That 169,000 are receiving this sum halfway below the suggested poverty level further emphasizes the great need of so many retirees. Add to that situation the further fact that 98.9 percent of all survivor annuitants receive less than \$3,000 and the proof of need is truly persuasive.

One fact stands out clearly in this disturbing situation. A recommendation that no action be taken with respect to any phase of retirement legislation until the Cabinet Committee on Retirement has made its report by December 1 is wholly indefensible. More than that, it would be heartless to delay until the next or following session of Congress an increase which can never be substantiated with any greater amount of persuasive statistical data than are presently in the record.

One fact about the retirement roll that is particularly indicative of the need is that while annuities have been increased by varying percentages during the last 15 years, the salaries on which the annuities have been based have in turn been increasing. It has been estimated that there are probably 30,000 retirees who are receiving not less than half the sum which is presently paid to persons currently retiring from positions at the same step in the same grade.

Take, for example, the employee now retiring after 30 years of service with a high-5 average of \$5,000, admittedly not a high salary, yet there are approximately 210,000 classified employees who are receiving that salary or less. The current formula would provide an annuity based on that average and with 30 years of service of \$234 a month. Immediately prior to the revised formula written into the retirement law in 1956, the comparable annuity based on today's equivalent average salary, and using the formula provided by the 1956 retirement law, is approximately \$138 a month. The difference is \$96 a month.

The intervening increases granted annuitants were not anywhere nearly sufficient to make up that initial difference of \$96 a month. In varying proportions, there is a similar basic difference in annuities which provide an evident and sound reason for the provision in H.R. 8469 giving 11 percent to those who retired before 1956 and 6 percent to those who retired after that date. There still will be a gap which it is hoped the next raise given annuitants will close.

If we carry our analysis back to 1948, a year in which there were still other significant changes in the law and salaries were little more than half what they are today, the disadvantage of nearly 30,000 still on the retirement roll who retired prior to 1948 is readily apparent.

That is the group that has the greatest handicap, but those others who retired prior to 1956 are not far behind.

The distinction between annuities commencing before and after October 1, 1956, is important. The formula for computing annuities was radically changed as of that date. The percentage of average salary on which an annuity was based was 25 percent greater under the new formula. At the time the formula was changed retirees already on the roll were not affected. Unlike the social security and railroad retirement systems, the change in the civil service retirement formula did not provide for recomputation of annuities then in effect. I believe consideration should be given at some future time bringing these three Federal systems into agreement on this point.

As a whole, the retirement roll is not made up of a group of short-service employees whose annuities are inadequate by today's standards because they were not employed long enough to merit larger payments. If we subtract the 139,378 annuitants who retired for disability—though many of them have had sizable periods of service—there are 342,753 annuitants whose retirement was directly related to service. Of that number, 120,791, or 35 percent, had 30 or more years of service. Those who had 15 or more years of service numbered 214,589, or 62 percent of those retiring other than for disability.

Or to view the retirement roll from another standpoint, the average service of deceased annuitants, whose passing accounted for the 205,855 survivor annuitants being on the roll on June 30, 1964, was 20.6 years. Again there is indication that even survivorship payments have been related to substantial periods of Government service. In other words, the Federal civil service retirement system is in effect benefiting those who have given a substantial portion of their working lives to the Federal service.

One of the goals of the retirement system should be to relate annuities directly to increases given to active-duty personnel. This relationship is maintained in the military pay and retirement systems. The absence of such an arrangement from the civilian system accounts for the lag of annuities of earlier years behind those which are based on the current salary schedule or wage rates.

The last general retirement annuity increase was provided by the Salary Reform Act of 1962, Public Law 37-793, approved October 11 of that year. Annuities were increased 5 percent which was somewhat less than the 9.8-percent average increase provided by the two classified salary increases included in the 1962 law. The pay raises were inadequate, but their inadequacy is further emphasized by the failure to raise annuities since 1962. Those who were to retire during the next 4 years, January 2, 1963, to December 31, 1966, shared in the 1962 raises which varied on a descending scale from 4 to 1 percent, but again increases which meanwhile became effective for both classified salaries and blue-collar wages were proportionately greater than the lessening formula in the 1962 act.

One reason why annuities have lagged during the last 3 years is the failure of the escalator formula in the Salary Reform Act to permit annuitants to benefit from changes in the Consumer Price Index to which they were related. Annuitants would have benefited from the operation of the formula on April 1, 1964, had the annual average of the index in the calendar year 1963 risen 3 percent over the annual

average in 1962. However, the annual average for 1962 rose only 1.2 percent. Again in 1964 the annual average for that year rose only 2.5 percent above the base year 1962.

In November 1964 the index did reach a level of 3 percent above the base year 1962, but the rise was required by the law to be 3 percent (not three index points) above the annual average for 1962 and the 3-percent increase had to be based on the average of the index for the entire 12 months of 1964. By June 1965, the index had risen 4.5 percent above the 1962 average. If the index maintains or exceeds this level during 1965, annuitants will be eligible to receive a cost-of-living increase of 4 percent or more, effective April 1, 1966.

The revised formula written into H.R. 8469 will be considerably more sensitive to changes in the price index. It will permit an increase of 3 percent if the index has maintained a rise of that percentage or more during 3 consecutive months.

We also heartily approve raising the factor of 55 to 60 which determines the percentage of the amount which the employee chooses as a base and which a widow or widower will receive as a survivor annuity.

In this relation, I am somewhat disappointed, Mr. Chairman, to read in the paper this morning—I was not here yesterday—where a group representing retired employees went on record as withdrawing their support therefrom.

I want it clearly understood that the American Federation of Government Employees is 100 percent behind raising this percentage from the 55 to the 60 percent. I would be in a rather embarrassing position to face you this morning and to face the membership that I represent, which is over 165,000 throughout this country, and say to them that I am not interested in the people who have already retired and are no longer members of this organization, that I am only interested in those 165,000 people who are now members of the organization and who will be members in the future.

We have on our rolls at the present time about 200,555 retirees. Out of that group, 163,234 receive less than \$100 a month.

Senator YARBOROUGH. Isn't it a fact that in some States the average old-age pension is more than \$100 a month without it being an earned annuity?

Mr. GRINER. Yes, sir; 159,104 widows, and their average is only \$77 a month, and the average age is 65.5.

Gentlemen, it is needed in order that these people can maintain an absolute minimum standard of living. I don't think we should defer it.

It is my hope, Mr. Chairman and members of this subcommittee, that you will recommend approval and early enactment of H.R. 8469.

I want to thank you for your giving me an opportunity to appear before this committee.

Senator YARBOROUGH. Mr. Griner, this is a very forceful statement. Senator Fong, do you have any questions?

Senator FONG. No questions.

Senator YARBOROUGH. Counsel for the majority?

Mr. GULLEDGE. No questions.

Senator YARBOROUGH. Counsel for the minority?

Mr. PASCHAL. No questions.

Senator YARBOROUGH. The next witness is Mr. Nathan T. Wolkomir, president, National Federation of Federal Employees.

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. WOLKOMIR. Mr. Chairman, members of the committee, my name is Nathan T. Wolkomir. I am president of the National Federation of Federal Employees, an organization of career employees with members in all departments and agencies worldwide.

On my right, I have my assistant specializing in legislation, Mr. Ben Martin.

Mr. Chairman, I desire first to express our appreciation to you and the members of the subcommittee for the interest shown in this very much needed legislation. The promptness with which these hearings have been called following passage of H.R. 8469 by the House of Representatives, by an overwhelming 394-to-0 vote, is most encouraging.

It is our understanding that the subcommittee desires to expedite these hearings in order that the bill may be quickly brought to the full committee and to the Senate floor for a vote. We shall cooperate fully in that objective of the subcommittee by making our testimony succinct and to the point.

Briefly, Mr. Chairman, we wish to register at this time our very strong support for H.R. 8469 as passed by the House of Representatives.

In its vote, the House underscored forcefully the fundamental truths contained in the House Post Office and Civil Service Committee report; namely, that—

the history of civil service annuity adjustments to meet exploding living costs has been one of too little and too late. The responsibility rests squarely on the Congress and there is general agreement that this problem requires our most immediate attention.

Mr. Chairman, the increases provided in H.R. 8469 are modest in the face of the rise in the cost-of-living and the severe difficulties which confront both retirees and their survivors as a result of failure of annuities realistically to meet the needs of these times.

In addition to giving some remedial action now, H.R. 8469 also provides for a very essential improvement in the automatic cost-of-living adjustment feature which will make the law much more responsive to changes in the Consumer Price Index. This, in fact, is one of the most important long-range features of this highly constructive piece of legislation.

The action taken by the House of Representatives was in recognition of the basic soundness of this bill and the need for immediate action.

In this connection, it is noteworthy that the administration has modified somewhat its original opposition by approving the accelerated cost-of-living provisions of the bill. We find no justification, however, for the view that action on other provisions of the measure should be postponed until the Cabinet Committee on Federal Staff Retirement Systems makes its report months from now. As so many Members of Congress are fully aware, the need for action at this time is deeply urgent for retirees and their dependents.

The record is replete with authoritative testimony which clearly points to the pressing need for action. However, I wish to add some brief comments at this time which emphasize the urgency of that need.

Mr. Chairman, the plight of many retirees and their survivors is literally at the point of desperation. The files of the National Federation of Federal Employees contain many poignant letters from retired members and their survivors who are existing at a marginal level because of meager annuities and rising living costs—costs which, by the way, show no tendency to level off.

The Consumer Price Index, even as revised, still fails fully to disclose the plight of these elder citizens who now are attempting to maintain themselves and their dependents after a lifetime of dedicated public service.

May I state that we are just as interested in our present members and our future members as we are those who are no longer members and are retirees. Those were the forerunners of our present civil service system. Various costs which hit these retirees the hardest are still not adequately reflected by the index.

For the information of the subcommittee I would like to include in the record the following excerpts from a letter from one of our retired members. It is typical of many; and many couched in even more urgent and poignant language:

Aren't you forgetting the inflationary damage to those who must exist on their civil service pensions? You are possibly as naive as I was when I believe that tying the pensions into the cost of living would protect the pensioners. Well, it does not give adequate protection.

Are you aware that those pensioners insured under the Government-wide indemnity benefit plan of health insurance had their pension checks reduced by \$4.53 per month effective with checks received on December 1, 1964, and furthermore there was no change in health benefits to offset this action. This represents nearly a 2-percent increase in the cost of living on the basis of my pension check.

Total deductions monthly on enrollment code No. 202 are now \$16.75. This represents an increase of over 33 percent (37 percent plus) since November 1963. The Government contributes a total of \$6.76 monthly * * *.

Let's put a little more emphasis on solving the problems of the pensioner * * *. Please call the attention of Congress to the fact that many civil service pensioners are living on pensions near or below the \$3,000 per year which the Government has classed as poverty level.

The civil service pensioners have just as much right to a decent standard of living as anyone else * * *.

In addition to these and the many other cogent arguments and facts which have been put forward in support of this bill—and may I state that a quick survey of today's testimony indicates that all are in unanimity with those who are testifying for this bill. This should indicate the sentiments and the feelings of those in this field.

I would like to add the further key point that action to increase retirement and survivor annuities is vital if the Federal Government is to fully assume its proper role as a progressive employer.

A retirement system which lags, a retirement system which is inadequate, a retirement system which is demonstrably lacking in sensitivity with respect to price index changes, does a disservice not only to retirees and dependents but to the Government as an employer.

On the other hand, a progressive retirement system, one which is properly and soundly responsive to changing needs and conditions, is a positive and potent influence in both the recruitment and retention

of capable employees with the skills required to carry on important and often highly complex tasks. Therefore, H.R. 8469 can be regarded as an essential step in building a better and more efficient career civil service.

Mr. Chairman, since the inception of the National Federation of Federal Employees in 1917, our organization has had a very special interest in and relationship to retirement legislation. Three years after the National Federation of Federal Employees was organized, we were able to secure enactment of the first retirement law, which President Wilson signed in 1920. Since then, the National Federation of Federal Employees has made improvement of the law a major objective and concern. Various aspects of the law are still in need of progressive revision. And one of the most important needs is legislation to strengthen the fiscal position of the civil service retirement fund.

May I state in our last convention held in Chicago last year we had 168 resolutions, more than 15 percent of all of our resolutions on retirement. Surprising as it may seem to the lay public, it was not on pay but on retirement and revisions to the present retirement laws.

For the information of members of this Subcommittee on Retirement, I am taking the liberty of appending to this testimony on H.R. 8469, the full text of my statement to the Cabinet Committee on Federal Staff Retirement Systems, which contains a detailed exposition of the views of the National Federation of Federal Employees on such matters as increased annuities, optional social security coverage, strengthening of the retirement fund, protection for short-term employees exemption of annuities from income taxation, and others, all of which come within the purview of the subcommittee.

We will not read this particular attachment, but we would appreciate your including it in the record.

(The material referred to follows:)

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, TO CABINET COMMITTEE ON FEDERAL STAFF RETIREMENT SYSTEMS, JUNE 1965

INTRODUCTION

I appreciate the opportunity of presenting this statement on behalf of the National Federation of Federal Employees to the Cabinet Committee on Federal Staff Retirement Systems.

Appointment of this Committee is evidence of the administration's interest in Federal staff retirement systems, which are so vital to sound personnel administration and to a progressive program of employee-mangement relations.

The National Federation of Federal Employees has a very special and unique interest in the civil service retirement system.

When our organization was formed in 1917, there was no retirement system for Federal employees, although the need was urgent and had been felt for many years.

Thus, passage of retirement legislation became one of the principal objectives of the National Federation of Federal Employees (NFFE) as established at its organizing convention in Washington 48 years ago this September. It is significant that just 3 years after the formation of the NFFE, and the beginning of concerted, organized efforts by Federal employees to secure action in this important area, the first Federal employee retirement law was enacted by Congress and signed by President Woodrow Wilson in 1920.

Since then, the National Federation of Federal Employees has made the improvement of the retirement law a major objective and concern. We have worked, with a signal degree of success, to modernize the system and make it

fully responsive to and reflective of the needs of the Federal Government and its career employees. But it is evident that much yet remains to be done in this direction. There are gaps and lags in the system which cry out for remedy. Indeed, it is noteworthy that at our most recent national convention, in September 1964, more resolutions were presented for consideration on the subject of retirement than on any other single issue confronting Federal employees. This in itself underscores the need for a full-scale survey of retirement such as is being undertaken by the Cabinet Committee.

NFFE POSITION ON NEEDED IMPROVEMENTS

The National Federation of Federal Employees for many years has urged the passage of legislation permitting optional retirement after 30 years of service without regard to age.

This would be beneficial both to the Government and to the employees. Many employees would choose to retire, thus making room for younger people and increasing possibilities for advancement. The additional cost to the retirement fund, because of longer expectancy on the rolls, would be largely offset by the smaller annuities paid for shorter service.

Opponents of the proposition have often stated that the better employees would retire but that the less efficient employees would remain on the rolls to the detriment of the service. They have argued that the Government should be given the option of retiring employees "for the good of the service" as a concession for passing 30-year optional retirement.

The NFFE is opposed to forced or involuntary retirement unless adequate safeguards are provided to protect the employees involved. Management now has the right and the responsibility to downgrade or remove unsatisfactory employees for cause, including inefficiency, after due notice, and the employees have the right to appeal against such adverse action.

To force retirement of employees whose work is not unsatisfactory would not be equitable, and would work a grave hardship on many who still have children to educate and other heavy family obligations. To be faced with mandatory retirement at any time at the will of management despite satisfactory service certainly would not help the morale of the Government service, nor its efficiency, and would be a serious deterrent in the recruitment of the well-qualified people so urgently needed in the service.

The NFFE recognizes the need for better protection for the families of those employees who die or become disabled before completing substantial Federal careers. Such protection could be provided by higher insurance coverage and by higher annuities for the families concerned. Nevertheless, our membership has repeatedly rejected all proposals for such changes if it means linking the civil service retirement system with the social security system. We believe the CSRS should be strengthened and its independence maintained. The financial stability of the retirement fund should be assured by increased contributions from Government to make up for past failures of the Congress to appropriate the fair Government share.

The NFFE has gone on record, however, in support of optional social security coverage in addition to Federal retirement for Federal employees, but with the clear proviso that there should be no mingling of the two systems and that Federal retirement would continue independent and not be administratively merged with social security in any way. Optional social security coverage for those employees desiring it and paying for it is, however, in line with progressive thinking and action in this whole field.

Correction of certain inequities in the Federal retirement system are essential, in the view of the National Federation of Federal Employees.

For example, single annuitants should have survivorship rights for dependents; widows and widowers should have equal rights; administrative offices should be required to submit paperwork promptly so that initial payments will be made when due.

It is our position that retirement annuities should be exempt from Federal income taxation. Railroad retirement annuities and social security benefits are so exempt; there is no reason in logic or equity why civil service retirement benefits should not be treated equally. Civil service retirement annuities also should be exempt from State and local inheritance taxes. The assessment of inheritance taxes on the actuarially computed value of the annuity defeats the purpose of the annuity to provide living income for the dependents.

COMMENT ON PROPOSED POLICY STATEMENT

The principles and policies suggested by the draft of a "recommended statement of congressional policy" regarding the civil service retirement system are generally along the lines advocated by the National Federation of Federal Employees, except that we cannot agree to any connection with the social security system. Our contributions to the civil service retirement fund are far greater than contributions to social security. It is noteworthy that the NFFE never has objected to the size of the employee contributions to Federal retirement but have, on the other hand, advocated increased contributions to secure desired increases in benefits. We are firmly committed to strengthening and maintaining the independence of the civil service retirement system separate and apart from social security.

CONCLUSION

We strongly urge the Cabinet Committee to recommend both administrative and legislative action along the lines herein indicated to improve and strengthen the Federal retirement system. Such steps are indicated not only in fairness to the career employees and their families but in a larger sense as essential to sound and progressive personnel administration in the Federal service, and thus in the national interest.

Mr. WOLKOMIR. In conclusion, Mr. Chairman, I wish to again thank you and the members of the subcommittee for the interest evidenced by these hearings, and to urge a prompt and favorable report on H.R. 8469.

I thank you personally for this opportunity to appear before this esteemed committee.

Senator YARBOROUGH. Thank you, Mr. Wolkomir. This is a very helpful statement.

Are there questions, Senator Fong?

Senator FONG. No, sir.

Senator YARBOROUGH. Majority counsel?

Mr. GULLEDGE. No questions.

Senator YARBOROUGH. Minority counsel?

Mr. PASCHAL. No questions.

Senator YARBOROUGH. The next witness is John McCart, Government Employees' Council, AFL-CIO.

STATEMENT OF JOHN A. McCART, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES' COUNCIL

Mr. McCART. Mr. Chairman, my name is John A. McCart, operations director, Government Employees' Council of the AFL-CIO.

The Government Employees' Council, representing 31 AFL-CIO unions with members in the postal, classified, and wage board services of the Federal Government, desires to endorse the pending legislation.

With your concurrence, I would like to have the formal statement presented to the subcommittee included as part of the record, and I would like to proceed extemporaneously to summarize it.

Senator YARBOROUGH. Your statement will be printed in full in the record and you may present it, Mr. McCart, in your own manner.

(The statement referred to follows:)

STATEMENT OF THE GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO

Mr. Chairman and members of the subcommittee, the Government Employees' Council, representing 31 AFL-CIO unions with members in the postal, classified, and wage board services of the Federal Government, desires to endorse the pending legislation.

To you and other Members of the Senate who have introduced bills to relieve the financial plight of retired Federal workers and their spouses, we express our sincere gratitude. We are thankful also to you and your colleagues for arranging these important hearings.

Approximately 482,000 men and women are currently on the civil service annuity rolls. Almost 300,000 receive a monthly benefit of less than \$200 or below \$2,400 annually.

In November 1960, the Bureau of Labor Statistics developed an interim budget for retired couples. Here are the annual amounts required to maintain a modest, but adequate level of living in five typical cities at that time:

City :	<i>Total budget</i>
Boston-----	\$3, 304
Chicago-----	3, 366
Houston-----	2, 641
Los Angeles-----	3, 111
Washington, D.C.-----	3, 047

While the study is the most recent completed by the Bureau of Labor Statistics in this field, the experience of all of us indicates that substantial changes have occurred in our standard of living since that date.

In examining the Civil Service Commission's report on the retirement system for fiscal 1964, we find there are currently 206,000 receiving survivor annuities. Approximately 163,000 or 80 percent of these individuals have monthly benefits of less than \$100.

Many of those currently on the retirement rolls left Government service many years ago. Their annuities are a pittance because they were computed on a very small salary base and under the lower percentage formula in effect in years past. Included also are a large number of disability annuitants who found it necessary to seek retirement. Of those who retired before August 1956, the average monthly benefit is \$121. After that date, the average increases to only \$160. I am certain there is ready agreement that these amounts are totally inadequate to provide necessities in terms of today's prices.

These figures indicate that the vast majority of Federal annuitants and survivors receive far below the income necessary to maintain a normal standard of living. When we recall that advancing age brings with it unusual medical and related expenses the case for adequate annuities becomes even more compelling.

On the one hand, we have the constant struggle of these retirees and their survivors to keep abreast of rising costs; and on the other their complete inability to advance their standard of living. And this in the face of unprecedented progress in the living standard of our Nation generally.

H.R. 8469 represents a large step in alleviating the financial hardship of these former Federal employees and their survivors. It provides pension increases averaging 10.2 percent for those who retired before October 1, 1956, and an average 5.2-percent advance for retirees after that date. We urge its approval.

In October 1962 (Public Law 87-793) Congress adopted a cost-of-living formula for adjusting benefits of retired Federal workers and survivors. Under this method, an increase of 3 percent in the Consumer Price Index for a full calendar year would result in a similar adjustment in annuities effective April of the following year. The formula represents an effort to maintain some ratio between the consistent advance in living expenses and the fixed income of retirees. But it does not account for the disparity between those two items at the time of enactment. Nor does it respond promptly enough to fluctuations in the Consumer Price Index. Despite the fact that the Consumer Price Index advanced 3.7 percent from 1962 to June 1965, the peculiar operation of the formula in the Retirement Act has resulted in no change in annuity benefits for retirees and their survivors. A revision of the formula is needed badly.

The bill remedies this defect by permitting adjustments in the annuities in the future 3 months after the price index has maintained a 3-percent increase for a 3-month period. An important effect of this provision will be to reduce substantially the time when the need for annuity adjustments becomes apparent and the actual receipt of increases by retired Federal employees and their survivors.

Now, we deal with the specific problem of survivors of retired Federal employees.

Present law entitles them to 55 percent of the retiree's pension after his death. On the basis of figures cited earlier, the monthly benefit for these individuals—principally widows—is totally inadequate to meet the constantly increasing costs encountered by our older citizens. As the standard of living in our Nation continues to advance, the situation of survivors will continue to deteriorate, unless the formula for computing their pensions is revised.

Section 2 of H.R. 8469 meets this problem by increasing the annuity available to survivors to 60 percent of the benefit of the original retiree.

The Civil Service Commission's report on civil service retirement for the year ended June 30, 1964, reveals that the average monthly benefit of survivors of Federal workers who retired in recent years is \$77. Certainly this average cannot be permitted to continue in the future if there is to be any hope for the survivors keeping abreast of their economic needs.

The council recommends subcommittee approval of this feature of the bill.

One other feature of H.R. 8469 deserves particular attention. It is the critical financial straits of widows of Federal workers who retired before 1948, when survivorship annuities were not available. There are only 43,000 of these widows, most of whom are at an advanced age. Through the liberality of Congress, they have been granted small pensions as gratuities. These annuities average \$44 monthly. Many receive less.

H.R. 8469 provides increases for these survivors of 15 percent or \$10 a month, whichever is less. The council urges that the subcommittee endorse this section of the measure.

To you and your associates, we extend sincere appreciation for providing this opportunity to testify on a subject of vital concern to hundreds of thousands of retired and active Federal employees.

Mr. McCART. To you and the other Members of the Senate who have introduced legislation to assist retired Federal workers, we express our appreciation and also for your arranging these current hearings.

There are about 482,000 retired Federal employees. Almost 300,000 of them have monthly benefits amounting to less than \$2,400 a year.

In November 1960, the Bureau of Labor Statistics devised a budget for retired couples. We have listed the cities involved in our statement. Let me say that this budget ranges from \$2,641 a year in Houston, Tex., to \$3,304 in Boston, Mass.

We realize that the retirees, some 300,000 of them, are receiving less than \$2,400 a year. The situation they face financially becomes readily apparent.

We have talked about the annuitants, themselves.

So far as the survivors are concerned, the situation is even more difficult. There are 206,000 of them on the retirement rolls. About 80 percent have annuities amounting to less than \$100 a month.

Another category of annuitants involves those who have retired on disability. For those who retired August 1956, when Public Law 854 was enacted, their monthly benefit is \$154 and even those who have retired after that date have averaged monthly benefits of only \$160.

All of this indicates that the Federal annuitants and their survivors are suffering badly so far as finances are concerned. We feel that H.R. 8469 is a very significant step in the direction of correcting this problem. It provides for the annuitants increases of 10.2 percent for those who retired before 1956 and an average of 5.2 percent for those retiring after that date.

I think one of the important features of H.R. 8469 is the revision of the present formula for determining increases for annuitants in the future. What it amounts to is this: At the present time, annuitants can wait as long as 18 months after the consumer price index has risen 3 percent, and under the formula proposed by the House this

period can be reduced to 6 months. In that way, H.R. 8469 is much more responsive to the needs of the men and women involved.

One of the other important features of the pending bill would increase from 55 percent to 60 percent the share that a survivor can secure of annuitant's pension when that annuitant dies. This, we feel, is a significant and important feature of the bill and we heartily recommend it for your favorable consideration.

Let me say only with respect to this provision in the pending bill that the average annuity of survivors today is \$77 a month. Now, if the average is maintained, the increase in the formula from 55 percent to 60 percent would amount to \$3.85 a month. If it is increased under the bill, the amount additionally available to survivors in the future will be not much more.

Finally, Mr. Chairman, we would like to direct your attention to the particular difficulty faced by the 43,000 widows of Federal workers who retired before 1948. There were no survivorship provisions available at that time. As a consequence, Congress has provided a gratuity for these widows which amounts to \$44 a month. H.R. 8469 proposes that these elderly widows receive an increase of 15 percent or \$10, whichever is less, on a monthly basis. We heartily recommend this provision to your attention for favorable action.

In conclusion, Mr. Chairman, we would like to urge the subcommittee at an early date to report H.R. 8469 so that the many men and women who have devoted their lives to public service can live in at least reasonable comfort even though their standard of living may not be increased appreciably.

We appreciate very much the opportunity of presenting our views to the committee.

Senator YARBOROUGH. Thank you very much, Mr. McCart.

Are there any questions, Senator Fong?

Senator FONG. No, sir.

Senator YARBOROUGH. Majority counsel?

Mr. GULLEDGE. No questions.

Senator YARBOROUGH. Minority counsel?

Mr. PASCHAL. No questions.

Senator YARBOROUGH. The Senate is now in session and we could be called over there any minute.

Any expedition in the hearing will be appreciated.

Our next witness is Mr. C. L. Dorson, president of the Retirement Federation of Civil Service Employees.

STATEMENT OF C. L. DORSON, PRESIDENT, RETIREMENT FEDERATION OF CIVIL SERVICE EMPLOYEES

Mr. DORSON. Mr. Chairman and members of the subcommittee, my name is C. L. Dorson. I am president of the Retirement Federation of Civil Service Employees, an organization of approximately 90,000 members, most of whom are presently employed by the Department of Defense.

We should like to begin by expressing our sincerest thanks to you for the very prompt scheduling of these hearings, in which we have intense interest, after enactment of H.R. 8469 by the House of Representatives. Your great interest in the well-being of present and re-

tired Federal employees, thus exhibited, is very heartening and much appreciated.

For the purpose of conserving your time and expediting consideration of this important legislation, we shall be very brief. You are already familiar with the provisions of the bill and, therefore, we shall not take the time to tell you again that which you already know.

Except for the reservations concerning section 1(b), beginning at line 3 on page 2, we heartily endorse H.R. 8469 as enacted by the House and recommend that it be reported favorably and enacted by the Senate at the earliest possible date.

Our reservations concerning section 1(b) stem more from our fear that an objectionable precedent, for charging all administrative costs against the civil service retirement and disability fund, will be established than from concern that the cost of administering section 18, now and in the future, would appreciably deteriorate the fund.

We realize that it will be difficult to anticipate in advance, for budgeting purposes, the frequency of automatic annuity and adjustments under section 18. We point out, however, that annuity increases have, in the past, been put into effect without resorting to a charge against the fund and we have no doubt that this can be accomplished in the future. Therefore, we suggest that H.R. 8469 be amended by deleting section 1(b).

Mr. Chairman, the opportunity afforded us to express our views is much appreciated.

Senator YARBOROUGH. Thank you, Mr. Dorson, for coming here and presenting your views.

I want to request the staff to make a special study of section 1(b), have it ready for this subcommittee at its first executive committee meeting.

I believe you are the first witness to call this to our attention and what the precedent is on charging this administrative cost, what practice might go up on it. We want a special study on that in connection with your recommendation that that paragraph be deleted.

Mr. DORSON. Thank you very much, Mr. Chairman.

Senator YARBOROUGH. Any questions, Senator Fong?

Senator FONG. No questions.

Senator YARBOROUGH. Majority counsel?

Mr. GULLEDGE. No questions.

Senator YARBOROUGH. Minority counsel?

Mr. PASCHAL. No questions.

Senator YARBOROUGH. The next witness is Mr. Ross Messer, legislative representative of the National Association of Post Office and General Services Maintenance Employees.

Mr. Messer is not here, but we have his statement which will be placed in the record at this point.

(The statement referred to follows:)

STATEMENT OF ROSS A. MESSER, LEGISLATIVE REPRESENTATIVE OF THE NATIONAL ASSOCIATION OF POST OFFICE AND GENERAL SERVICES MAINTENANCE EMPLOYEES

Thank you, Mr. Chairman, and members of the committee for the opportunity to appear before you today. I am Ross A. Messer, legislative representative of the National Association of Post Office and General Services Maintenance Employees, with headquarters at 724 Ninth Street NW., Washington, D.C.

This association is the national exclusive bargaining representative with the Post Office for all maintenance service employees in the postal field service under a nationwide election held in 1962.

This association has also formal recognition with the General Services Administration representing maintenance employees in the Public Buildings Services of GSA. This association has locals in the 50 States, Puerto Rico, the Virgin Islands, and the District of Columbia.

We wish to thank you, Mr. Chairman, and the members of this committee for their interest in the plight of the retired employees and their survivors and for the early hearings you are holding on this subject, so vital to these retired employees.

We also wish to thank the committee members, and other Members of Congress, who have introduced legislation which would grant an annuity increase to the retirees and their survivors.

The Federal civil service retirees and their survivors are truly the "forgotten people" in the United States today, at a time when \$3,000 is believed to be the borderline below which a couple is in the poverty class.

The records of the Civil Service Commission show that more than 75 percent of the former Federal employees on the retirement rolls are receiving annuities of less than \$3,000 per year.

The Chairman of the Civil Service Commission has pointed out that the average annuity is \$2,212 per year. This may be the average annuity. We do not question the figures used by the Civil Service Commission.

We would like to point out, however, that even though the average annuity is \$2,212 per year, there are 91 annuitants who are receiving under \$10 per month; 700 annuitants receive between \$10 and \$19; 3,249 are receiving between \$20 and \$29 per month; 4,255 are receiving from \$30 to \$39 per month and 5,782 are receiving from \$40 to \$49 per month. This is a total of 14,077 employee annuitants who are receiving less than \$50 per month. There are 39,422 annuitants receiving more than \$50 per month and less than \$100. There are 59,472 employee annuitants receiving between \$100 and \$150 per month and 54,938 are receiving between \$150 and \$200 per month. More than 50 percent of the annuitants are receiving less than \$200 per month, while 149 annuitants are receiving over \$1,000 per month.

Of the survivor annuitants, 8,727 are receiving under \$50 per month and 14,422 are receiving \$69 per month or less. Sixty-nine dollars is the greatest amount received by any survivor annuitant.

Mr. Chairman, the plight of the retirees and the survivor annuitants receiving these small annuities in the times when the Nation is prospering as it never prospered before, is a shame and a disgrace to our National Government.

This association strongly endorses H.R. 8469 as passed by the House by a vote of 395 to 0.

We are happy to note that the Civil Service Commission and the Bureau of the Budget have withdrawn their objections to section 1 of the bill and now approve the increase for retired employees and their survivors.

This association also endorses the provisions of section 2, providing an increase in survivorship benefits from 55 to 60 percent for survivors of future retirees.

Mr. Chairman, this association has always believed in fairplay and it is our belief, in this instance, that fairplay should be applied by amending section 2 of the bill, to provide 60 percent of the annuities for the survivors who are now receiving 50 percent of the annuities of their deceased spouse.

Mr. Chairman, it is our hope that the committee will take immediate action on this bill, so that it can become law at the earliest possible date and benefit the many retired Federal employees and survivors who are having such a difficult time in today's high-priced economy.

I wish to thank you again, Mr. Chairman, for this opportunity to appear before you today and to present the views of our association.

SENATOR YARBOROUGH. The next witness is Miss Margaret E. Moore, past president, Retired Teachers Association of the District of Columbia Education Association. She will be accompanied by Miss Helen E. Samuel, legislative consultant.

STATEMENT OF MISS MARGARET E. MOORE, PAST PRESIDENT AND LEGISLATIVE CHAIRMAN, DISTRICT OF COLUMBIA RETIRED TEACHERS ASSOCIATION; ACCCOMPANIED BY MISS HELEN E. SAMUEL, LEGISLATIVE REPRESENTATIVE, DISTRICT OF COLUMBIA EDUCATION ASSOCIATION

Miss SAMUEL. Mr. Chairman, Senator Fong, I am Miss Helen Samuel.

I am appearing here today on behalf of the retired teachers of the District of Columbia Public School System and as legislative representative of the District of Columbia Education Association which has a membership of almost 4,200 of the professional personnel of the public school system.

Accompanying me is Miss Margaret E. Moore, past president and legislative chairman of the District of Columbia Retired Teachers Association, which is composed of over 800 members. Miss Moore will speak, however, on behalf of more than 1,400 retired teachers.

We are here to request that the retired teachers of the public schools of the District be included in the legislation which is being considered today to increase the annuities of the retired personnel of the Federal and District Governments.

As you know, H.R. 8469 has already passed the House of Representatives. When this or similar legislation passes the Senate, it will mean that, with the exception of retired teachers, all retired employees of the District government, including clerks, secretaries, and custodians of the public schools, will receive increases in their annuities.

In making a request to include retired teachers in this legislation, we are aware that we are running into a jurisdictional matter between committees. Since the Retired Teachers Association has been unsuccessful in its attempts, however, to secure a hearing on its own bill, we feel justified in appearing here today. It is our opinion that the Members of Congress will not wish to adjourn this session without having included retired teachers in legislation to increase the annuities of all other retired personnel.

Miss Moore has prepared a brief statement which she wishes to present to you.

Miss MOORE. I am Margaret Moore, chairman of the Legislative Committee of the District of Columbia Retired Teachers Association.

The District of Columbia Retired Teachers Association respectfully requests this Subcommittee on Retirement to consider placing a rider on H.R. 8469 that will include the teachers and officers who retired from the District of Columbia public schools for the following reasons:

1. The District of Columbia Retired Teachers Association has been informed that there is very little hope that hearings on their legislation (S. 1852 and H.R. 958) will be scheduled before Congress adjourns.

2. Because the police and firemen have a clause in their law that states whenever a new salary schedule for active employees is approved, the annuities of retirees are adjusted accordingly and because there was such an adjustment in September 1964; and if the civil service retirees receive an increase in annuities now, the retired teachers

of the District of Columbia public schools will be the only employees of the District of Columbia who have not been considered.

3. The 3 percent cost-of-living increase voted in 1962 has not yet materialized and cannot be expected before April 1, 1966. In the past few months the price index has risen higher than 3 percent. This rise is reflected in the food prices in our markets, in the rise in the cost of clothing, the increase of real estate taxes in the District of Columbia which will be felt on our bills in September, and increased telephone rates. Our expenses are already much higher; but our annuity checks read the same as they did in 1962, and for about 500 retired teachers that figure reads below \$300 a month. (One half of this number receive between \$120 and \$225 a month.)

However, if attaching such a rider would jeopardize the passage of H.R. 8469, the District of Columbia retired teachers would not wish to deprive the retired civil service employees of a much-needed increase in their annuities.

A brief statement that was prepared to present to the House and Senate District Committees had hearings on H.R. 958 or S. 1852 been scheduled accompanies this request. I shall be glad to read or discuss it if you desire.

Thank you for your courtesy in allowing time to hear this request for a rider to H.R. 8469 which would mean that the District of Columbia retired teachers would receive some help more immediately in meeting their financial problems.

It is not expected that you will make a study of the legislation written into S. 1852, but simply that whatever, in your judgment, it is possible to grant to civil service retirees be granted to District of Columbia teacher retirees also, and that the cost of the increase be paid from the District of Columbia teachers' retirement and annuity fund.

I have some additional material I would like to submit for the record if there is no objection.

Again, thank you.

(The material referred to follows:)

EXCERPTS FROM STATEMENT PREPARED TO SUPPORT LEGISLATION FOR INCREASED ANNUITIES OF DISTRICT OF COLUMBIA PUBLIC SCHOOL TEACHER RETIREES

The District of Columbia Retired Teachers Association, with more than 800 paid members, sends its newsletters to and works for the welfare of the more than 1,400 retirees from the District of Columbia public schools. Ever since 1958 the District of Columbia Retired Teachers Association has made efforts to increase the annuities of those teachers who were restricted from the benefits of the more liberal retirement act, Public Law 85-46 approved on June 4, 1957, and made retroactive to October 1, 1956.

On September 2, 1958, the 85th Congress approved Public Law 85-917, a bill to increase those retired prior to October 1, 1956, by 10 percent, not to exceed \$500, and retroactive to August 1, 1958.

The 87th Congress in its 2d session granted an increase of 5 percent to all persons retired or retiring under the act for the retirement of public school teachers in the District of Columbia.

In spite of these two efforts listed above, a sizable group of the teachers who retired prior to October 1, 1956, are living on very small annuities, especially small when considered in the light of the increased cost of living. The following

table shows how many teachers who served 20 or more years and the annuities they are receiving:

	Regular roll ¹	Disability roll ¹	Total
Income bracket:			
Below \$157.50.....	1	21	22
\$158 to \$210.....	38	45	83
\$211 to \$262.50.....	105	67	172
\$263 to \$315.....	191	15	206
Total.....	335	148	483

¹ Number of cases.

Therefore legislation was introduced in the 88th Congress, but failed of enactment. That legislation was introduced again this year, but so far no hearings have been scheduled.

Because our concern was largely for the older retirees we requested that their annuities be brought up to \$4,000. Then in order to expedite enactment of our bills the District of Columbia Retired Teachers Association agreed to drop the figure to \$3,600. This figure should not seem unreasonable. Senator Yarborough introduced S. 2184, a bill to increase annuities payable to certain annuitants from the civil service retirement and disability fund, recognizing the need for annuities of \$3,801 and above to be raised 3 percent or \$3,915 and more. The date of S. 2184 was September 26, 1963.

The District of Columbia Teachers Retirement Act contains a clause that prohibits any money in the fund from being spent for any purpose other than to pay the annuities covered under this act. Actuaries told officers of the District of Columbia Retired Teachers Association several years ago that the retirement fund was in a healthy condition. Even though annuitants were granted a 5 percent increase as of January 1963, the active teachers in the District of Columbia public schools were granted a substantial increase in salary at the same time and therefore are making larger contributions to the fund. Therefore, the District of Columbia teachers retirement fund should still be in a healthy condition.

The District of Columbia Retirement Division furnished the following table of comparative costs of teachers annuities compiled from the pay period ending July 31, 1964:

Teachers annuities—20 years or more creditable service

	Number involved	Present annuity total	Proposed annuity total	Annual cost
I. If minimum of \$4,000 per annum is established:				
(a) Retired before Oct. 1, 1956.....	549	\$1,677,864	\$2,196,000	\$518,136
(b) Retired after Oct. 1, 1956.....	132	455,340	528,000	72,660
Total.....	681	2,133,204	2,724,000	590,796
II. If minimum of \$3,600 per annum is established:				
(a) Retired before Oct. 1, 1956.....	448	1,295,568	1,612,800	317,232
(b) Retired after Oct. 1, 1956.....	63	189,600	226,800	337,200
Total.....	511	1,485,163	1,839,600	354,432

This table is included only as a rough guide to the present cost of bringing up low annuities. The figures above those retired prior to October 1, 1956, can never increase, of course; and, in fact have already decreased due to deaths.

I will not take your time to enumerate all the problems that come with increasing age. These you know full well. However, teachers in the District

of Columiba public schools have not been eligible for social security. Many of the older ones retired before the opportunities offered by social security were well know. Neither were they able to accumulate very much because salaries were so low when they were teaching. Medicare will undoubtedly help a great many when its benefits are available. But medicare will not pay rent, or taxes, buy food, or clothing, pay for domestic help, a factor which becomes more necessary as one grows too old to do the many household tasks he formerly performed.

Each month many retirees are wondering how long can they continue to pay their way before they have to ask help from relatives (who have their own financial problems) or perhaps even from public assistance. Either case is very humiliating for people who have always been able to care for themselves. To receive an increase in annuity makes one feel "I contributed to that fund when I could and now my years of faithful service to the schools is being appreciated."

It is hoped that the foregoing statement will prove helpful as you study this bill and decide on the measure that will be of greatest help.

Senator YARBOROUGH. Miss Moore and Miss Samuel, it is my understanding that this matter of your retirement is a matter properly before the District of Columbia Committee and that we have no jurisdiction. However, in light of your request, I want to ask counsel of each staff to check to see if we have any jurisdiction over it and, if so, we will look into it thoroughly.

I want to congratulate you on your conciseness here. You have given us a good lesson here in how to put a lot of material into one and a quarter pages. I think each of you must have been a very good teacher.

Mr. PASCHAL. In connection with your statement relative to the Retired Teachers Association, having been a teacher and administrator myself for some time, I would like to ask the ladies, on the retired teacher setup of which the District of Columbia will make a study, do you come under social security?

Miss SAMUEL. No, sir; we do not. We have our own retirement law which is almost like the Government law. The chief difference between our law and the civil service law is that the District government is required annually to put in a certain amount of money to keep the fund actuarially sound.

In other words, when we get a pay raise, that increase in retirement is figured in our pay raise, also.

Senator FONG. If we took care of the retired teachers of the District of Columbia, what other groups will not be included?

Miss SAMUEL. To my knowledge there is no other group.

Miss MOORE. It is the only group that we can think of that would not be considered this year.

Senator FONG. We will not be discriminating against any other group?

Miss SAMUEL. No, sir, not to my knowledge, and I think Mr. Guldge can answer that, too.

Miss MOORE. In the accompanying statement, Mr. Chairman, there is a statement to the fact that we do not come under social security. I did not have time to type as many copies of this as I should have. I am not sure whether you have as many as I have or not, but I can furnish more if that would be helpful.

Senator YARBOROUGH. Are there any further questions by counsel? Let me ask you about your retirement.

In my own State, we had a teacher retirement system long before we had a State employee retirement system. The teachers worked

early and had their own independent retirement system and generally it pays more than social security and more than the average State employee retirement annuity. Is that true of the teachers in the District?

Miss MOORE. It is more than social security. Ours is very similar to the Federal. It started around the same time. The only difference is in the early days teachers paid a larger percentage into their retirement fund than the Federal employees.

Senator YARBOROUGH. Thank you very much.

We have statements here. It has been asked that these statements be placed in the record. They have waived coming to testify personally. These statements are from Senator John Sparkman; Senator Frank Church; Senator Frank E. Moss; Senator Maurine B. Neuberger; Senator Thomas H. Kuchel; Senator Peter H. Dominick; Mr. Dillard Lasseter, executive director, Organization of Professional Employees, Department of Agriculture, and NASCOE; Mr. John G. Brady, National Association of Internal Revenue Employees; and Mr. John Snyder, president, National Association of Postmasters.

We will order all of those printed in the record.

(The statements referred to follow :)

STATEMENT OF HON. JOHN J. SPARKMAN, A U.S. SENATOR FROM THE STATE OF ALABAMA

Mr. Chairman, for a long time I have been concerned with the plight of retired Government employees. Their annuity benefits just have not kept pace with rising living expenses and certainly not with rising salary levels.

Because of my concern, I earlier introduced S. 1685 to increase annuities by 10 percent on the first \$3,000 of annuity income and 5 percent on incomes above \$3,000. However, I am here today to express my full support for the House approved bill, H.R. 8469. In many, many cases H.R. 8469 will not be as helpful as my proposal would have been, but for some cases it goes beyond the increases authorized by my bill. H.R. 8469 is an excellent bill, as far as it goes. It lifts substantially the incomes of retirees. I urge its approval by the subcommittee and I will support it on the Senate floor. However, I believe that we must yet go further toward lifting the incomes of retirees and survivors. I shall support further legislation for this purpose and I hope budgetary considerations will be such that the legislation will have broad executive and legislative support.

In the meantime, I urge early and favorable Senate action on H.R. 8469.

STATEMENT OF HON. FRANK CHURCH, A U.S. SENATOR FROM THE STATE OF IDAHO

It is hard to believe. An income of less than \$3,000 puts a family in the poverty classification, according to Government figures. And yet 75 percent of the more than 700,000 civil service retirees receive less than \$3,000 a year in retirement annuities.

What is more, of 205,000 survivors of annuitants, only 1 percent receive annuities exceeding \$3,000. All over this country can be found men and women who have worked for the Government through some mighty lean years—years when salaries of \$200 and \$300 a month were the rule rather than the exception—who stayed on in the expectation of an ample retirement income.

Inflation has eroded the income of us all, but it has been particularly cruel to those who retired before 1956. Retirement annuities have been improved five times since 1926, each time making adjustments for those previously retired to equalize them with the new retirees. But this was not done in 1956, and ever since civil service retirees have been falling further behind.

I know personally many of the civil service retirees in Idaho. As I talk with them, I keep thinking back to the days when they were at work. The work was hard, there were fewer hands to share the load, and the pay was

lower in comparison to the national average. And now how difficult it is for them to make ends meet. It is very easy for me support the bill before you, H.R. 8469.

This bill would, among other things, increase the annuities of those retiring before 1956 by at least 10 percent. Those retiring after 1956 would receive a total increase of more than 5 percent. Automatic cost-of-living increase would be computed more frequently.

This is a good, humane bill. It will help to meet the responsibility of the Government toward those who have served it well.

STATEMENT OF HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

Mr. Chairman, these hearings are a great satisfaction to me. I have supported bills to increase civil service retirement annuities ever since I came to the Senate, and in this Congress am a cosponsor of S. 1037, the bill introduced by Senator Montoya. I am glad to again affirm my insistence that increases are due—and to testify in favor of the measure already passed by the House, and which I will do everything I can to get through the Senate.

The civil service retiree has been one of the most neglected citizens in America. We have provided several substantial increases for the men and women now working in the Federal Government under the civil service system in the past few years—but it has been almost 10 years since we did anything for the retiree. I recognize that those people now working in the Federal Government must be paid salaries commensurate with their abilities, and comparable with those received by people in private industry doing the same type of work. I have stood for adequate salaries—must people in the working world are raising families and educating children, and they cannot be expected to serve their Government year in and year out at salaries which do not allow them to meet minimal commitments. But the people who have retired have problems equally as great. They have reached the time of life when their doctor and hospital bills are soaring, and when many of them also need nursing and home care. A substantial number worked in the Federal Government when salaries were much lower than they are now, and their pensions, based on those salaries, are equally low. They are completely inadequate to meet today's living costs.

The bill passed by the House to increase civil service retirement pensions is equitable and fair. It gives special consideration to the employee who retired when salaries were lower. It takes into consideration the factors which went into estimating retirement incomes in the first place. It also considers the elderly widows of employees or annuitants who passed away when there was no survivor protection under the Civil Service Act.

It is by no means the complete answer to the financial problems our retirees experience, but it will improve their status and enable them to live with a little more decency and security.

The House Post Office and Civil Service Committee, and the House itself have provided the impetus for an increase in retirement benefits for the retired civil service employee. We must not lose this momentum. I sincerely hope that this subcommittee, after careful consideration of all aspects of the House-passed bill, will report a fair and equitable measure to the Senate so we may take final action before this session adjourns.

STATEMENT OF HON. MAURINE B. NEUBERGER, A U.S. SENATOR FROM THE STATE OF OREGON

Mr. Chairman, I actively and fully support H.R. 8469 which passed the House of Representatives with a favorable vote of 394 to 0. This much-needed legislation provides increases in retirement and survivorship benefits for postal and Federal employees. I support this legislation in full and urge its prompt enactment.

Inflation is the greatest enemy of retired persons and this is especially true for a total of some 700,000 retirees and survivors of the Federal Government. The Consumer Price Index has risen by more than 17 percent since 1955. While Congress has been generous with providing pay increases for postal and Federal employees, much less has been done for the retired.

Retirees and their survivors need help now. A longer wait would find them in worse straits. Retirees as a group have a very short future. Delay while waiting a report of a commission to be submitted at some future date only works extreme hardship.

It is all too easy to overlook the needs of the retired and fail to remember that they were once active Federal employees who were responsible for the administration of our Government and providing needed services for our country.

H.R. 8469 provides an approximate 11-percent increase in annuities to those who retired on or before October 1, 1956, and an approximate 6-percent increase to those whose annuities began later. A slightly larger percentage increase is provided survivors—15 percent or \$10 per month, whichever is less—for survivor annuitants whose spouse retired prior to April 1, 1948.

Congress in 1962 adopted legislation providing for automatic annuity increases based on the cost-of-living index. The mechanics for adjusting annuities to reflect living costs is improved by this legislation, and the time element shortened by using the monthly price index instead of an annual average. In this way annuities in the future will more accurately and promptly reflect the cost of living.

Annuity increases are desperately needed by retired Federal employees. It is inconceivable that when our Nation is devoting so much effort to the war on poverty retired Federal and postal employees would be neglected, and left to live far below the poverty level.

STATEMENT OF HON. THOMAS H. KUCHEL, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

I am pleased to offer my support to H.R. 8469. This bill will aid approximately 700,000 Federal retirees and survivors with a long overdue increase in their annuities. These annuities have been for the most part very meager and inflation has melted them down in buying power.

In my own State of California, there are more than 70,000 of these retirees. I know their plight and while I also know H.R. 8469 is not the full answer to that problem it will give great encouragement.

Because of inflation and because so many of these men and women retired when salaries were low they are now for the most part forced to live in very sub-standard ways.

The following figures from the Civil Service Report of 1964 tell the story as to what these civil service annuitants and survivors receive:

Monthly rate of annuity	Employee annuitants	Survivor annuitants
Under \$50.....	49,544	78,252
Under \$100.....	125,450	163,274
Under \$150.....	211,501	190,773
Under \$200.....	299,751	200,400

NOTE.—Total getting less than \$200 per month—500,151.

I respectfully urge you and the members of the Senate Committee on Post Office and Civil Service to give your most favorable consideration and help to these more than 500,000 men and women who have served their country well and who are receiving much less than the established poverty level. They are depending on Congress for redressing their plight. I hope we will.

STATEMENT OF HON. PETER H. DOMINICK, A U.S. SENATOR FROM THE STATE OF COLORADO

I would like to take this opportunity to express my strong support for the bill now before this subcommittee. H.R. 8469 provides a more sensitive monthly indicator for the adjustment of the cost-of-living principle established in 1962, and it provides for greater percentage increases for older retirees in order to bring about a more reasonable overall relationship between the pre-1956 and post-1956 retirees. I think this is an equitable plan, worthy of this subcommittee's approval and the approval of Congress.

The continuing rise in the cost-of-living in this country has a seriously depressing effect on people who are tied to a fixed annuity. No one is more aware of this than the members of this subcommittee. I believe that it is incumbent on this Congress to give assurance to the civil service retirees that they can expect to maintain their standard of living despite the increases in the cost-of-living which occur more rapidly than adjustments can be made under the present law. It is a sad spectacle to consider the aged person whose bills get bigger and bigger while his monthly check gets comparatively smaller and smaller. The small, occasional luxuries which the retirement might have afforded gradually become nonexistent.

The problem of the decreasing value of retirees' annuities has been of concern to me for many years. One of the first bills that I introduced when I first came to Congress as a Member of the House of Representatives in the 87th Congress was H.R. 4899. My bill would have increased by 20 percent the amount of annuities not in excess of \$1,500, and by 10 percent of the remainder. We were successful in getting some improvements to the system in the 87th Congress, but additional improvements are absolutely mandatory. The present legislation will provide further refinement and improvement to the Federal civil service retirement system.

I am not making a long statement in support of this legislation, but it is not because I believe the matter to be unimportant. On the contrary, this is a most important piece of legislation, the record already overwhelmingly supports it, and I believe that favorable action should be taken with no unnecessary delay.

STATEMENT BY DILLARD LASSETER, LEGISLATIVE COUNSEL, ORGANIZATION OF PROFESSIONAL EMPLOYEES, DEPARTMENT OF AGRICULTURE

My name is Dillard Lasseter. I am the legislative counsel for the Organization of Professional Employees, Department of Agriculture. OPEDA, an organization comprising a membership of over 7,000 professional employees, is dedicated to a variety of objectives for strengthening the career civil service. We are greatly interested in the Government's policy toward, or mechanism for, adjusting the annuities of annuitants. Certainly this is a subject of great potential concern for thousands of career servants who are nearing retirement, as well as those now retired.

It is our privilege to appear before this committee in support of an appropriate increase in annuities for retired employees of the Federal Government. We wish to commend this committee for its interest in the annuity levels of these retirees as evidence by the scheduling of hearings on the subject.

The Government has evidenced its vital interest in the overall well being of its employees in many ways in recent years. For example, health insurance and life insurance programs have been established and there have been several adjustments in salary levels recently in recognition of either advances in living costs or the need to place Government salary levels on a more comparable basis with equivalent positions in private industry. This is as it should be. As a major employer, and in many ways a model employer, of a vitally important concentration of scientific and executive capability, the Government should exercise an aggressive role of leadership in matters pertaining to salaries, retirement, working conditions, and related subjects.

But has the Government been equally concerned and responsive toward the problems of the approximately 700,000 retirees? We believe there is room for improvement in the Government's performance in this area. The adjustments made in annuities have come after considerable delay, and we doubt that in total they have provided sufficient recognition for advances in costs of living. The annuity for many of these retirees surely is on the basis of salary levels considerably below that characteristic of our present economy. It is likely that the incomes for many of these people are near or below the levels characterized recently by the Government as constituting poverty. In an expanding economy it is particularly difficult for many surviving spouses when their annuity is reduced by 45 percent below a level of income that previously was minimal, or even inadequate, for two persons. Also, our burgeoning economy can easily sweep by many of these people when their incomes remain static, or nearly so, for long periods of time.

Therefore, the Organization of Professional Employees of the Department of Agriculture endorses an appropriate adjustment in the annuities of retirees consistent with the increases made in Federal salary levels in recent years. Perhaps some system could be developed whereby those who retired some years ago, before they benefited from adjustments in salary levels, would receive a larger increase in their annuities. This may be more responsive to need than would a flat percentage increase for all retirees. Also, we would suggest that future adjustments in annuities be tied to current increases in Government salary levels, and be made when salaries are adjusted. This would eliminate the timelag associated with cost-of-living determinations, separate hearings, and separate action by the Congress. Of course, if in the judgment of the Congress action in this matter should be taken, it should be taken promptly. The longer the delay, the more grievous the need and the initial cost becomes larger.

Mr. Chairman, we appreciate this opportunity to appear before this committee. Thank you.

STATEMENT OF JOHN G. BRADY, LEGISLATIVE CHAIRMAN, NATIONAL ASSOCIATION OF INTERNAL REVENUE EMPLOYEES

Mr. Chairman and members of the subcommittee, I am John G. Brady, legislative chairman of the National Association of Internal Revenue Employees, accompanied by George Bursach, executive secretary-treasurer. Our association of over 27,000 members strongly urges and recommends increases to our civil service employees retirees.

During our national convention in September 1964, at Denver, Colo., we adopted the following theme: "For what shall we strive in 1965—never to forget our Internal Revenue retirees."

Our association has given considerable thought and study to the retiree's "plight."

It isn't only the economic pressure that the retiree finds himself in and that, of course, is his first concern in considering the disparity, growing monthly, between the value of the dollar represented in his annuity check and the value of the dollar as it decreases with each Bureau of Labor Statistics report. This fact is widely recognized, but because of an arbitrarily set formula no annuity adjustment can be made until a rise in living costs shows a 3-percent adjustment formula.

A factor not generally recognized except by the retiree experiencing it is the anxiety and duress and mental anguish the retiree is almost continually and constantly subjected to as he notes the growing disparity between his annuity payment and the volume of necessities it will provide for him. This anxiety, it must be agreed, has an adverse effect, if not on health, at least on the enjoyment of retirement years so well earned. I submit, Mr. Chairman, that a continuing trend of disparity between rising living costs and earned annuity may have an effect on our retirees that is not pleasant to contemplate.

It seems only just and equitable that an increase be provided in annuity benefits for the retired Federal employees who have devoted the best years of their life to the service of our great country.

STATEMENT OF JOHN P. SNYDER, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF POSTMASTERS OF THE UNITED STATES

Mr. Chairman and members of the committee, my name is John P. Snyder, and I am executive director of the National Association of Postmasters of the United States. While serving in this capacity, I am on administrative leave as postmaster at Oconomowoc, Wis. In the absence of our president, David R. Trevithick, postmaster of Salt Lake City, Utah, I am submitting this statement for the record.

On behalf of the 33,000 postmasters of the Nation who are all interested in a more advantageous retirement program, I would like to request that this committee report favorably and immediately H.R. 8469 which was unanimously passed by the House of Representatives. Our entire membership is solidly behind this bill.

Thank you, Mr. Chairman. We do appreciate the opportunity of presenting this statement.

Senator YARBOROUGH. Before our executive sessions, we will have to have the record printed; but while we are waiting for the record to be printed I want counsel, both the majority and minority, to work together in coordination on this. Please check each of these statements and see whether any new point has been raised in any of them.

Please let us have an opportunity to study any new recommendations in these statements. I understand generally they support the legislation but in order to expedite the hearings, they have agreed to put in their written statements.

Does anyone else in the room wish to be heard?

We will declare the hearings adjourned.

The record will be kept open until 5 o'clock Tuesday afternoon for any additional statements that any person might desire to file. Normally, we might leave the record open longer, but we understand the Government Printing Office is terribly burdened with printing at this time with reports and legislation, so the sooner we close the record, the sooner we can get the printed record back and start in executive session on the bill.

I thank all of you who have appeared here for the concise and informative nature of the statements you have presented orally and in writing.

The hearings are adjourned.

(Subsequently the following material was submitted for the record :)

STATEMENT OF HAROLD MCNAVY, NATIONAL PRESIDENT, POST OFFICE MAIL HANDLERS, WATCHMEN, MESSENGERS, AND GROUP LEADERS

Mr. Chairman and members of the subcommittee, for the record my name is Harold McAvoy. I am national president of the Post Office Mail Handlers, etc.

Our national organization is part of the AFL-CIO and Government Employees' Council and we are the sole national bargaining representative of the 39,000 mail handlers of the mail handler craft in the Post Office Department.

If I may, at this time, I would like to express our national organization's gratitude to the many Members of Congress who have introduced bills, which, if enacted, would lighten the load of our retired postal employees, plus our classified people, who, I understand are close to 500,000 employees. Many of the 500,000 employees have monthly benefits of less than \$100. Surely, members of this subcommittee, you will agree that said \$100 monthly is not enough to maintain even close to our normal American standard of living.

Our national organization would like to go on record, at this time, in support of an increase of at least 10 percent to all employees under the \$3,000 ceiling. Many mail handlers who have retired since World War II, retired on about \$1,500 or \$1,600 a year.

As we all fully realize our mail handlers did pay into their retirement fund the sound dollar of that time, and presently, this same dollar has lost much of its purchasing power.

I have said this before many committees, and I repeat it today. If ever a group of people (mail handlers) deserve to be called the forgotten people, our people should have first choice. At the present time we are the lowest paid employees who move the mail in the postal service.

I urge you, Mr. Chairman and members of this committee, to report out a bill that will increase the annuity of our people, plus all retired employees and employees who are on the verge of retiring from Government service, of at least 10 percent.

As Congressman Matsunaga, of Hawaii, pointed out before the committee, "employees who get less than \$3,000 should be given preference because their need is greatest," is fully endorsed by your writer.

On the status of our retirement fund, I have sat in on many meetings of our AFL-CIO labor unions, plus the Civil Service Commission meetings pertaining to the matter of fiscal soundness of our retirement fund. The Board of Actuaries over the years has felt that our fund should be actuarially sound.

The big problem pertaining to our retirement fund has been the absence of a strong and consistent Federal policy on replenishing the retirement fund, whereas the same could meet today's requirements, plus the needed improvements. For a long period of time, Congress has not appropriated the Government's share to our retirement fund. Our retirement fund started in 1920. Our people have watched their contributions increase from 2½ to 6½ percent of their base pay, and I say we are all glad to pay our share.

Title II of H.R. 9 provides, starting July 1965, agency contributions to the retirement fund will be increased by one-half of 1 percent of basic payroll each year, until the total additional contributions reach 5 percent by 1975. Our national organization urges you, Mr. Chairman and members of your committee, to approve this proposal. Full benefits for our employees upon retirement has been our organization's goal for a long period of time. Title III of H.R. 9 provides for, after 30 years of service, age 55, the employee be permitted to retire. I ask you, Mr. Chairman and members of this committee, to give favorable consideration to title III.

On a survivor annuity formula: Title IV of H.R. 9 would solve this problem by increasing the annuity available to survivors to 75 percent of the original retiree.

Our national organization urges you again, gentlemen, to report this proposal out favorably.

In closing, Mr. Chairman and members of this subcommittee, I want to say that I am indeed grateful to you for allowing your writer the privilege of appearing before you whereas I could give you the thinking of our national organization.

STATEMENT OF EVERETT G. GIBSON, PRESIDENT, NATIONAL FEDERATION OF
POST OFFICE MOTOR VEHICLE EMPLOYEES, AFL-CIO

Mr. Chairman and members of the committee, my name is Everett G. Gibson and I am the president of the National Federation of Post Office Motor Vehicle Employees, AFL-CIO, with headquarters at 412 Fifth Street NW., Washington, D.C.

We have national exclusive recognition under Executive Order 10988 and are the sole bargaining representatives for all motor vehicle service employees under the terms of the national agreement with the Post Office Department.

We wish to thank you, Mr. Chairman and members of this committee, for scheduling hearings on H.R. 8469 which has passed the House of Representatives by a vote of 395 to 0.

We are deeply concerned as to the need for an increase in the annuities of all retired employees and survivors of employees and retired employees presently on the retirement rolls, who are the "forgotten people" in the United States today. We endorse H.R. 8469 as passed by the House of Representatives.

We were pleased to note that the Civil Service Commission and the Bureau of the Budget have withdrawn their objections to section 1 of H.R. 8469 and now approve the increases for retired employees and their survivors. We also endorse the provisions of section 2, which will provide an increase in survivors' benefits from 55 to 60 percent for survivors of all future retirees.

Mr. Chairman, our organization is of the opinion that fairplay should apply to all retired employees who have served faithfully through the years and that section 2 of H.R. 8469 should be amended to provide 60 percent of the annuities for the survivors who are now receiving 50 percent of the annuities of their deceased spouses.

Mr. Chairman, it is our sincere hope that this committee will take immediate action on H.R. 8469 so that it will be enacted during this session of Congress, so that the needed increase will become effective for the retired employees and survivors annuitants.

We want to thank you, Mr. Chairman and members of the committee, for this opportunity to present the views of our organization on this most important legislation. Thank you.

STATEMENT OF FLOYD E. HUFFMAN, PRESIDENT, NATIONAL RURAL LETTER CARRIER'S ASSOCIATION

My name is Floyd E. Huffman. I am president of the National Rural Letter Carriers' Association, an organization which exclusively represents regular, retired, and substitute rural carriers. I appreciate the opportunity to submit this statement to wholeheartedly endorse and strongly recommend the earliest possible enactment of legislation which will provide for increasing civil service retirement annuities.

We commend Senator Gale W. McGee Democrat of Wyoming, chairman of Subcommittee on Retirement, Senate Post Office and Civil Service Committee, for prompt scheduling of hearings as well as Senator Ralph W. Yarborough Democrat of Texas, ranking majority member of this subcommittee, for conducting the hearings in absence of Senator McGee on consideration of H.R. 8469 providing retirement benefits which passed the House of Representatives on August 3, 1965.

Considerable statistical data is already available to the committee and has been commented upon by others who have given testimony. The need for an annuity increase is well established. Simple justice demands action in order to provide financial relief to those on our retired rolls who are hard pressed to cope with the rising costs of living on an inadequate fixed income.

Public Law 87-793 granted a 5-percent increase in annuities effective January 1, 1963. In addition it amended the Retirement Act to provide cost-of-living adjustments based on rises in the Consumer Price Index. Under this provision the Civil Service Commission determines annually, after each January 1, the percentage change in the index and is authorized to effect increases in annuities as of April 1 of any year after the percentage change in the index has equaled a rise of at least 3 percent. Such increases would then apply to all annuities which commenced earlier than January 2 of the preceding year. This is a significant improvement in the Retirement Act because it does not recognize the need for upward adjustment in annuities in order to preserve the purchasing power of the annuity dollar.

Worthy as this amendment is, however, it does not in any way take cognizance of, or provide any formula for financial relief for those who now receive totally inadequate annuities. The facts are that many annuities are so low that it is just not possible to apply any formula tied to the Consumer Price Index. This applies particularly to those who retired years ago and to many survivor annuitants. The salary base used to determine their annuities at the time of retirement just cannot be reconciled on a cost-of-living basis under the price index. It must be recognized that what we call the cost-of-living index cannot be used to determine the adequacy of annuity income. This index is meaningless to large numbers of persons on the retirement rolls who attempt to stretch the dollars they receive each month to meet the payments required to secure the necessities of living. The only way the financial plight of these people can be alleviated is to increase the amount of annuity they receive.

The report of the U.S. Civil Service Commission on civil service retirement, table Ag, page 12, for the year ending June 30, 1964, discloses that there are 482,131 employee annuitants. Almost 50,000 of this number receive an annuity of less than \$50 per month. Of what value is the automatic increase formula in Public Law 87-793 to this group who have annuity income far below the poverty level? Of our employee annuitants, 125,000 receive less than \$100 per month. For the limited number in the group who receive the maximum, \$99 per month, it still is a meager annuity to sustain themselves with but the bare necessities of life. Almost 300,000—63 percent of our employee annuitants—are receiving less than \$200 per month.

This same Commission report discloses that there are 206,000 survivor annuitants. Their plight is graphically highlighted by the report which discloses that 78,000 receive less than \$50 per month and 163,000 receive less than \$100 per month.

Mr. Chairman and members of the committee, much additional statistical data could be presented. It seems unnecessary, however, to attempt to document the need for an annuity increase with any data other than which we have noted. The amount of annuity income being received by the major majority of those on retirement rolls is just not sufficient to permit a decent American standard of living. The figures speak for themselves—for all too many even a subsistence annuity income is lacking.

The National Rural Letter Carriers' Association strongly recommends prompt action by the Congress to provide some measure of relief of those annuitants and survivor annuitants whose meager retirement checks grow less with advance in living costs. Each month's delay brings added financial difficulties for necessities of life. The U.S. Department of Labor-Consumer Price Index released on July 29, 1965, for month of June, shows additional 0.5 percent increase.

The provisions of H.R. 8469 would provide such needed adjustments in part for those whose need is urgent, and deserved. This association particularly endorses the provisions which provide—

A 6.5-percent increase, plus a cost-of-living increase for all those who retired prior to October 1, 1956,

A 1.5-percent increase, plus a cost-of-living increase for all those who retired after October 1, 1956,

An increase of 15 percent or \$10 per month, whichever is lesser, for survivor annuitants whose spouses retired prior to April 1, 1948.

That survivorship annuities be set at 60 percent of the earned annuity of the employee at the time of retirement (effective for those who retire on and after the date of enactment).

Change the procedure for granting automatic annuity increases in line with the cost-of-living increase as determined by the Consumer Price Index. Present law provides for these automatic increases but the procedure is based on an annual evaluation each January, with increases of 3 percent or more in the index resulting in annuity increases of the same amount of the CPI increase (rounded off to one-tenth of 1 percent) being made effective as of April 1. This results in warranted increases (such as the present justified 3.5 percent under this formula, which are reflected in the increases proposed by this bill) being delayed as much as a full year. The amendment proposed in the bill would grant automatic annuity increases on the first day of the third month after the CPI reflects a rise of 3 percent or more for a period of 3 continuous months.

We are urging this action fully cognizant that the present financial condition of the retirement fund discloses an actuarial deficiency estimated at approximately \$39 billion. The annual report of the Board of Actuaries of the Civil Service Retirement System as reported in House Document No. 48, issued January 1965, stresses the need for additional Federal contributions to maintain fiscal soundness of the retirement system.

This is unquestionably an important and pressing matter. A formula to accomplish this purpose should undoubtedly be legislation enacted by this Congress.

From the beginning of the retirement system, employees have contributed the needed rate as established by law to cover the benefits being provided by the Retirement Act. It has been the failure of the Government to make payment of its share which has created the present actuarial deficit of the retirement fund. History discloses that until 1957 the Government contributions were on a "now and then" basis which was too little and too late.

According to the report of the Civil Service Commission for the fiscal year ending June 30, 1964, the estimated normal operating cost of the retirement system is 13.5 percent of the payroll exclusive of the unfunded liability resulting from enactment of Public Law 88-426 approved August 4, 1964. Thus current income of 13 percent, though approximating normal operating cost, does not take care of the interest or reduce the unfunded accrued liability which was created primarily during those years when the Government's contribution was not made or was made in an amount insufficient to meet the increasing liability.

Additional funding is undoubtedly required. We do feel that the Government contribution should be increased to assure continued financial integrity of the retirement fund.

Mr. Chairman, we appreciate this opportunity of submitting this statement for consideration by your committee. We especially urge early action on legislation to provide annuity increases and sincerely hope that the recommendations which we have noted will receive consideration and be made a part of any bill reported.

STATEMENT OF ANDREW KENNY, BALTIMORE, MD.

It appears that H.R. 8469 providing for annuity increases discriminates against certain retirees now receiving small annuities under the lower rates in effect prior to October 1, 1956. The annuity commencing date seems to be the wrong guide to equitable distribution of the increase.

For example, one who had to leave the service in September 1956 at age 60, but entitled to an annuity in September 1958 at age 62 would not receive the more generous increases provided in H.R. 8469. This is because his annuity commenced after October 1, 1956, although it was computed on the lower pre-1956 rates in effect when he was separated.

It is true that the act of June 25, 1958, provided a 10-percent increase, but only to those who were already receiving an annuity on August 1, 1958. Retirees placed on the rolls since August 1, 1958, based on service prior to October 1, 1956, did not get the 1956 or the 1958 increase and now again are denied the higher percentage because their smaller annuities commenced after October 1, 1956.

To eliminate this injustice, reference to commencing date before or after October 1, 1956, should be deleted from H.R. 8469. The date of separation governs the annuity rate, so the higher percentage should be directed to those annuitants who were separated, and subject, to the lower annuities prior to October 1, 1956. This would accomplish the stated purpose of Congress to apply the higher increase to the smaller annuities. It is not likely that the 60-year-old employee illustrated above, or others like him, added any worthwhile outside earnings to his small retirement income.

A copy of H.R. 8469 is attached with suggested changes. These changes would add very little to the cost of the bill and would assure fair treatment to those annuitants within the bill's effective date who were excluded from the 1956 and 1958 increases.

It is requested that this statement be made part of the printed record regarding H.R. 8469 before your subcommittee.

Unless H.R. 8469 is amended, the increases would be like this:

Annuitant separated	Annuity commenced	Increase provided in			Total (approximate) (percent)
		1956 (percent)	1958 (percent)	H.R. 8469 (percent)	
After Oct. 1, 1965-----	After Oct. 1, 1956-----	20	None	5.5	25.5
Before Oct. 1, 1956-----	Before Aug. 1, 1958-----	None	10	10.5	20.5
Before Oct. 1, 1956-----	After Aug. 1, 1958-----	None	None	5.5	5.5

This does not appear to be the result that Congress intended.

(Whereupon, at 11:20 a.m., the hearings were adjourned.)



LEGISLATIVE HISTORY

Public Law 89-205
H. R. 8469

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Index and summary of H. R. 84691
Digest of Public Law 89-2052

INDEX AND SUMMARY OF H. R. 8469

- May 26, 1965 Rep. Daniels introduced H. R. 8469 which was referred to H. Post Office and Civil Service Committee. Print of bill as introduced.
- House subcommittee voted to report H. R. 8469.
- June 17, 1965 House committee reported H. R. 8469 with amendments. H. Report No. 529. Print of bill and report.
- July 13, 1965 House Rules Committee granted an open rule on H. R. 8469.
- July 14, 1965 Rules Committee reported resolution for the consideration of H. R. 8469.
- Aug. 3, 1965 House passed H. R. 8469 as reported.
- Aug. 4, 1965 H. R. 8469 was referred to the Senate Post Office and Civil Service Committee. Print of bill as referred.
- Aug. 20, 1965 Senate subcommittee ordered H. R. 8469 reported to full committee.
- Aug. 25, 1965 Senate committee voted to report H. R. 8469.
- Aug. 30, 1965 Senate committee reported H. R. 8469 with amendments. S. Report 653. Print of bill and report.
- Sept. 8, 1965 Senate passed H. R. 8469 with amendments.
- Sept. 9, 1965 House agreed to Senate amendments to H. R. 8469.
- Sept. 27, 1965 Approved: Public Law 89-205.
- USDA and Civil Service Commission question and answer memos on law.

Hearing: Senate committee on H. R. 8469

DIGEST OF PUBLIC LAW 89-205

AMENDMENTS TO CIVIL SERVICE RETIREMENT ACT.

Amends the Civil Service Retirement Act, as amended, to provide increases in retirement annuities to persons already retired, and to employees who retire on or before November 30, 1965, with annuities which commence on or before December 1, 1965.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C.

20250

Official Business

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U. S. Department of Agriculture

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued May 27, 1965

For actions of May 26, 1965

89th-1st.; No. 95

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HIGHLIGHTS: House passed agricultural appropriation bill. Rep. Quillen claimed Forest Service unfair in claim on constituent. Senate passed Interior appropriation bill, including Forest Service. Senate debated proposed Public Works and Economic Development Act. Sen. Williams, Del., submitted and discussed measure to authorize investigation of meat inspection.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL, 1966. Passed, 354-41, with amendments this bill, H. R. 8370. pp. 11199-257, 11259-60, 11296

Agreed to the following amendments:

By Rep. Whitten, to increase the food stamp program from \$75,000,000 to \$100,000,000. pp. 11243-4

By Rep. Natcher, to restore the \$295,000 cut below the budget for general administration. pp. 11244-5

Rejected the following amendments:

By Rep. Findley, to provide that no part of the appropriation shall be used during fiscal year 1966 to finance the export of any agricultural commodity

to the United Arab Republic or Indonesia under Public Law 480 (pp. 11245-6). This amendment was later rejected again in a vote on a motion to recommit, 187-208 (p. 11255).

By Rep. Michel, 41-105, to prohibit use of funds to formulate or carry out a feed grain program under which the total amount of payments would be in excess of 20% of the fair market value of acreage diverted. pp. 11248-9

By Rep. Dingell, to prohibit use of funds for tobacco price supports. pp. 11249-51

By Rep. Dingell, to prohibit price-support individual payments over \$50,000. pp. 11252-5

The following amendments were submitted but were stricken on points of order:

By Rep. Casey, to prohibit payment of CCC storage when charges have not been determined by competitive bidding. p. 11246

By Rep. Michel, to prohibit individual payments totaling over \$30,000 for price support and related programs. pp. 11247-8

Rep. Nelsen submitted but withdrew an amendment to prohibit payment of any USDA personnel guilty of violating the Hatch Political Activities Act or the Corrupt Practices Act. p. 11255

2. FORESTRY. Rep. Quillen claimed the Forest Service was being unfair to one of his constituents in connection with a claim for real property. pp. 11271-5
3. NATURAL BEAUTY. Received from the President four proposed bills designed to help make the Nation's roads and highways available for enjoyment of nature and beauty (H. Doc. 191); to Public Works Committee. p. 11299
4. DAIRY PROGRAM. Received from GAO a report of "additional costs incurred under the dairy products price-support program by purchasing butter outside the general areas of production, Commodity Credit Corporation"; to Government Operations Committee. p. 11299
5. FOOD ADDITIVES. The Interstate and Foreign Commerce reported without amendment H. R. 7042, to amend Sec. 402 (d) of the Federal Food, Drug, and Cosmetic Act regarding use of additives in confectionery (H. Rept. 376). p. 11300
6. RETIREMENT. A subcommittee of the Post Office and Civil Service Committee voted to report to the full Committee H. R. 8469, "which basically grants a 10-percent increase to those people who have retired before October 1, 1956, and a 5-percent increase to those people who have retired after that date. p. D450
7. ARKANSAS RIVER. Rep. Steed inserted the address of Deputy Budget Director Staat at the dedication of the Keystone Dam. pp. 11284-5
8. STATE-JUSTICE-COMMERCE APPROPRIATION BILL. The Appropriations Committee was given until midnight tonight (May 27) to report this bill. p. 11257

SENATE

9. DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, 1966. Passed, 77-0, with amendments this bill, H. R. 6767, which includes amounts for the Forest Service as shown on table attached to Digest 76 (pp. 11347-50, 11359, 11363-4). Conferees were appointed (p. 11364).

89TH CONGRESS
1ST SESSION

H. R. 8469

IN THE HOUSE OF REPRESENTATIVES

MAY 26, 1965

Mr. DANIELS introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 1 (t) of the Civil Service Retirement Act,
4 as amended (5 U.S.C. 2251 (t)), is amended to read as
5 follows:

6 “(t) The term ‘price index’ shall mean the Consumer
7 Price Index (all items—United States city average) pub-
8 lished monthly by the Bureau of Labor Statistics. The term
9 ‘base month’ shall mean the month for which the price index

1 showed a per centum rise forming the basis for a cost-of-
2 living annuity increase.”

3 (b) Section 17 (a) of such Act, as amended (5 U.S.C.
4 2267 (a)), is amended by inserting immediately before the
5 period at the end thereof the following: “, and for payment
6 of administrative expenses incurred by the Commission in
7 placing in effect such annuity adjustment granted under sec-
8 tion 18 of this Act”.

9 (c) Section 18 of such Act, as amended (5 U.S.C.
10 2268), is amended to read as follows:

11 “SEC. 18. (a) Effective the first day of the third month
12 which begins after the date of enactment of this amendment,
13 each annuity payable from the fund which has a commencing
14 date not later than such effective date shall be increased by
15 (1) the per centum rise in the price index, adjusted to the
16 nearest one-tenth of 1 per centum, determined by the Com-
17 mission on the basis of the annual average price index for
18 calendar year 1962 and the price index for the month latest
19 published on date of enactment of this amendment, plus (2)
20 $6\frac{1}{2}$ per centum if the commencing date (or in the case of the
21 survivor of a deceased annuitant the commencing date of the
22 annuity of the retired employee) occurred on or before
23 October 1, 1956, or $1\frac{1}{2}$ per centum if the commencing date
24 (or in the case of the survivor of a deceased annuitant the
25 commencing date of the annuity of the retired employee)

1 occurred after October 1, 1956. The month used in deter-
2 mining the increase based on the per centum rise in the
3 price index under this subsection shall be the base month for
4 determining the per centum change in the price index until
5 the next succeeding increase occurs. Each survivor annuity
6 authorized (1) by section 8 of the Act of May 29, 1930,
7 as amended to September 1, 1950, or (2) by section 2 of
8 Public Law 85-465, shall be increased by any additional
9 amount which may be required to make the total increase
10 under this subsection equal to 15 per centum or \$10 per
11 month, whichever is the lesser.

12 “(b) Each month after the first increase under this sec-
13 tion, the Commission shall determine the per centum change
14 in the price index. When the Commission determines that
15 the price index has for three consecutive months shown a
16 rise of at least 3 per centum over the price index for the
17 base month, the following adjustment shall be made:

18 “(1) Effective the first day of the third month
19 which begins after the price index shall have equaled a
20 rise of at least 3 per centum for three consecutive
21 months, each annuity payable from the funds which has
22 a commencing date not later than such effective date
23 shall be increased by the per centum rise in the price
24 index (calculated on the highest level of the price index

1 during the three consecutive months) adjusted to the
2 nearest one-tenth of 1 per centum.

3 “(c) Eligibility for an annuity increase under this sec-
4 tion shall be governed by the commencing date of each an-
5 nuity payable from the fund as of the effective date of an
6 increase, except as follows:

7 “(1) Effective from its commencing date, an an-
8 nuity payable from the fund to an annuitant's survivor
9 (other than a child entitled under section 10(d)),
10 which annuity commences the day after annuitant's
11 death and after the effective date of the first increase
12 under this section, shall be increased by the total per
13 centum increase the annuitant was receiving under this
14 section at death, except that the increase in a survivor
15 annuity authorized by section 8 of the Act of May 29,
16 1930, as amended to September 1, 1950, shall be com-
17 puted as if the annuity commencing date had been prior
18 to the effective date of the first increase under this
19 section.

20 “(2) For purposes of computing an annuity which
21 commences after the effective date of the first increase
22 under this section to a child under section 10(d), the
23 items \$600, \$720, \$1,800, and \$2,160 appearing in sec-
24 tion 10(d) shall be increased by the total per centum
25 increase allowed and in force under this section, and, in

case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 10 (d) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death.

“(d) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

“(e) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall after adjustment reflect an increase of at least \$1.”

SEC. 2. Section 10 of the Civil Service Retirement Act, as amended (5 U.S.C. 2260), is amended by striking out “55” wherever it appears therein and inserting in lieu thereof “60”. This amendment shall not apply with respect to employees or Members retired or otherwise separated prior to the date of enactment of this Act.

SEC. 3. The provisions under the heading “CIVIL SERVICE RETIREMENT AND DISABILITY FUND” in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

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H. R. 8469

A BILL

To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

By Mr. DANIELS

MAY 26, 1965

Referred to the Committee on Post Office and Civil Service

H. R. 8469

A BILL

AN ACT
To amend the Small Business Job Protection Act of 2000.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

Official Business Postage and Fees Paid
U. S. Department of Agriculture

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued June 18, 1965
For actions of June 17, 1965
89th-1st; No. 110

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HIGHLIGHTS: House committee voted to report public works-economic development bill. Sen. McGovern introduced and discussed bill to provide food for peaceful development program.

SENATE

1. EXCISE TAXES. Both Houses agreed to the conference report on H. R. 8371, to reduce or repeal certain excise taxes. This bill will now be sent to the President. pp. 13572-80, 13462-6
2. WOOL SUPPORTS. Sen. Moss objected to "a proposal from the Department of Agriculture for a sliding scale system of support payments to woolgrowers." p. 13521
3. SALT-WATER RESEARCH. Sen. Mansfield spoke in favor of S. 24, providing for additional research on changing salt water to fresh water. pp. 13520-1
4. RECLAMATION. Passed as reported S. 32, to authorize the Southern Nevada Water Project. pp. 13513-15
5. WILDERNESS. Sen. McGovern inserted an article favoring S. 107, to include the

Lincoln Back Country in the wilderness system. p. 13522

6. LIVESTOCK MARKETING. Sen. McGovern inserted a speech on the importance of the livestock terminal markets. pp. 13568-9
7. LEGISLATIVE ACCOMPLISHMENTS. Majority Leader Mansfield commended congressional accomplishments so far this year and inserted a summary of the actions. pp. 13536-40
8. D. C. APPROPRIATION BILL, H. R. 6453, was made the unfinished business. pp. 13565-6
9. ADJOURNED until Mon., June 21. p. 13594

HOUSE

10. PUBLIC WORKS; ECONOMIC DEVELOPMENT. The "Daily Digest" states that the Public Works Committee on June 16 voted to report (but did not actually report) S. 1648 (amended), the proposed Public Works and Economic Development Act of 1965. p. D544
A subcommittee of the Public Works Committee voted to report to the full committee H. R. 6790 (amended), to increase the limitation on emergency relief for the repair or reconstruction of highways under 23 U.S.C. 125. p. D544
11. APPROPRIATIONS. The Appropriations Committee reported H. R. 9220, the public works appropriation bill, 1966 (H. Rept. 527), and H. R. 9221, the Defense Department appropriation bill, 1966 (H. Rept. 528). p. 13496
12. PERSONNEL. The Post Office and Civil Service Committee reported with amendments H. R. 8469, to provide certain increases in annuities payable from the civil service retirement and disability fund (H. Rept. 529). p. 13496
13. FOREIGN AID. Conferees were appointed on H. R. 7750, the foreign aid authorization bill (p. 13461). Senate conferees had already been appointed.
Rep. Morgan inserted an article, "Government Charges 23 Concerns Diverted \$13.7 Million of Grains Aimed for Austria," which states the "Government is seeking damages and penalties of about \$3 million" and commended USDA for its part in this investigation. pp. 12493-4
14. FARM LABOR. Rep. Talcott stated that the "'A-team' program being promoted by the Department of Labor--squads of high school students with little or no training in farmwork--has not yet been helpful; in fact, it has been detrimental." p. 13482
15. CIVIL RIGHTS. Rep. Fraser commended USDA on the implementation of title VI of the Civil Rights Act and praised Secretary Freeman for "his efforts to fully enforce the law of the land." pp. 13483-5
16. LEGISLATIVE PROGRAM. Rep. Albert announced that on Mon. H. R. 8620, to provide diversion payments on acreage affected by disaster, and S. 1796, assistance for disaster victims, will be brought up under suspension of the rules; and on Tues. and the balance of the week the House will consider the public works, the defense appropriation bills, and the cigarette labeling bill. p. 13462
17. ADJOURNED until Mon., June 21. p. 13495

CIVIL SERVICE RETIREMENT ANNUITY ADJUSTMENTS

JUNE 17, 1965.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DANIELS, from the Committee on Post Office and Civil Service, submitted the following

R E P O R T

[To accompany H.R. 8469]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

A M E N D M E N T S

The amendments are as follows:

- (1) Page 2, line 7, strike out "such" and insert in lieu thereof "each".
- (2) Page 3, line 7, strike out "September 1, 1950," and insert in lieu thereof "July 6, 1950".
- (3) Page 3, line 14, strike out all matter after the period in such line and all that follows down through the period in line 2 on page 4 and insert in lieu thereof the following:

Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum;

- (4) Page 4, line 16, strike out "September 1, 1950," and insert in lieu thereof "July 6, 1950".
- (5) Page 4, lines 17 and 18, strike out the words "prior to".

(6) Page 4, line 25, immediately before the first comma insert "for employee annuities which commenced after October 1, 1956".

EXPLANATION OF AMENDMENTS

The committee amendments, which are technical in nature, correct date references and provide clarifying language.

Amendment No. (1) inserts the word "each" in lieu of the word "such" to correct an error in the introduced bill.

Amendments Nos. (2) and (4) substitute the correct date, July 6, 1950, for the incorrect date, September 1, 1950, contained in the introduced bill.

Amendment No. (3) eliminates certain unnecessary and repetitive language in the introduced bill and inserts in lieu thereof more precise and definite language without in any way changing the policy of the introduced bill.

Amendment No. (5) eliminates language in the introduced bill which misstated the application of the annuity commencing date with respect to the computation of the increase in a survivor annuity.

Amendment No. (6) inserts language which conforms the policy of the bill with respect to adjustment of surviving children's benefits to the policy of the bill with respect to basic annuity increases.

PURPOSE OF H.R. 8469

The purpose of this legislation is to provide equitable, moderate, and desperately needed adjustments in the annuities of Federal civil service retirees and survivors currently on the annuity rolls, to improve the existing cost-of-living adjustment principle by gearing it to a more sensitive monthly price index indicator, and to increase the survivorship protection of spouses of employees and future annuitants.

STATEMENT

The history of civil service annuity adjustments to meet exploding costs of living has been one of too little and too late. The responsibility rests squarely on the Congress and there is general agreement that this problem requires our most immediate attention.

To think of a pension plan simply as a promise to pay a stated number of dollars monthly represents a superficial view. Pension plans are long-term financial operations, and the basic purpose to be served is to enable an employee to enjoy freedom from want and a measure of economic security upon the expiration of active employment and throughout his declining years. During the period of employment, the hopes and expectations of employees are continuously built around the concept that they will be able to retire on a dignified basis and with enough income to meet their basic needs. It is the responsibility of the Government to maintain the annuities of its retirees and survivors at a level that will give them a living comparable to what they had, and rightfully expected to have, at the time of retirement.

The unprecedented expansion of our economy is a serious problem to active workers, but in a larger measure has become the mortal enemy of elder citizens that are caught between rising prices and fixed incomes. The impact on these senior citizens is far more critical than it is on any other segment of our economy.

The committee's Subcommittee on Retirement, Insurance, and Health Benefits held thorough hearings to consider the numerous pending annuity increase bills, and heard all witnesses who asked to testify. Representatives of organizations of retired Federal employees strongly urged the immediate approval of increases to meet the critical need of those living on small, fixed incomes to cope with the continued upward spiral of our vastly expanded economy. Every major organization of active Federal employees lent its support to these proposals. Many individual Members of Congress appeared in person or submitted statements recommending immediate increases in benefits. These witnesses presented testimony and evidence which the committee believes has clearly established the urgent need for the early adjustments provided in this legislation.

At a time when \$3,000 yearly income is the borderline below which a married couple is deemed to be in the poverty class, the record shows that the bulk of the 700,000 civil service retirees and survivors are receiving annuities of much less than such amount. It is a well-known fact that medical costs have risen more than any other single item in the Consumer Price Index. Medical studies disclose that up to one-third of those 65 years of age or older are chronically ill, and that they have twice as many disabling illnesses lasting a week or longer as do persons under age 65. Moreover, the average disabling illness of the aged lasts twice as long as that of younger persons. During the past decade the cost of medical services has increased over 40 percent; doctors' fees over 35 percent; hospital charges over 85 percent; hospital insurance rates over 95 percent; and prescriptions and drugs over 10 percent.

As people over age 65 require more medical care, these cost items hit them particularly hard. They are confronted with reduced income, impaired health, depressed living standards—and, in most cases, with increased medical expenses. Federal civil service retirees and their survivors are truly the "forgotten people" in the economic life of the United States today. Even our social security programs has done better, relatively, for elder citizens in the private economy during recent years.

The reported bill provides fair, moderate, and direly needed adjustments designed to increase annuities where the greatest relief is warranted—approximately 10.2 percent in those annuities which commenced on or before October 1, 1956, and 5.2 percent in those which commenced thereafter. The difference in treatment is designed to close approximately one-half of the lag in annuity improvements for the pre-1956 retirees as compared to improvements which had benefited the post-1956 retirees. The 1956 retirement amendments improved the benefits of employees who retired thereafter, on the average, by over 20 percent, but did nothing to improve the lot of those who then were already on the annuity rolls. Subsequently, the pre-1956 retirees have received 10 percent more in the form of increases than have the post-1956 retirees, thus closing about half of the gap created by the 1956 amendments. This still leaves those retired on or before October 1, 1956, approximately 10 percent behind those retired after that date. H.R. 8469, therefore, will not completely close the gap, but will provide a much more reasonable relationship than presently exists between the two groups.

The bill also provides a slightly higher percentage increase for approximately 43,000 elderly widows of employees of annuitants

who passed away at a time when no survivor protection was afforded by the law. Over the years the Congress has recognized the special equities and has granted these widows minimal annuities, in the nature of gratuities. In view of the very small size of these annuities—they average only \$44 per month—the committee recommends an increase somewhat larger, for these widows, than the percentage provided for the other beneficiaries.

Testimony received during the hearings demonstrated that the automatic "cost-of-living adjustment" feature, contained in the 1962 amendments to the Retirement Act, has not operated as effectively as was anticipated. The Civil Service Commission agrees that such feature should be modified in fairness to annuitants, as well as for convenience of administration. This feature, which has not as yet become operable, provides that whenever the Consumer Price Index of the Bureau of Labor Statistics shall have risen by an average of 3 percent or more for a full calendar year above its average for 1962, a comparable percentage increase shall become effective on April 1 of the following year. It further provides similar increases when a like increase in the Consumer Price Index occurs after any increase predicated upon such feature.

The rise in the Consumer Price Index over 1962, although averaging 2.6 in 1964, reached 3 percent in November, 1964, and has steadily risen to 3.7 percent at present. However, under the existing formula, annuitants will receive no adjustment until April 1, 1966. To correct this obviously disappointing result, the bill proposes to accelerate the effective application of the cost-of-living principle to a more sensitive monthly price index indicator. The substantive policy will not be changed, but the revision will provide for reflecting any such increases more currently, or whenever the Consumer Price Index rises by 3 percent or more for 3 consecutive months after any previous increase resulting from this feature.

The bill not only makes the retirement fund available for payment of the adjustments, but also for payment of administrative expenses that may be incurred by the Civil Service Commission in effecting immediate and subsequent adjustments provided by this legislation.

H.R. 8469 further proposes to increase, from 55 to 60 percent of the earned annuity or of the survivor base selected by the retiring employee, the annuities of eligible spouses of those who retire or who die in service. Testimony presented in the hearings discloses that survivor benefits provided by present law are totally inadequate to meet the constantly increasing costs of living faced by survivor annuitants. The situation of survivors will continue to deteriorate unless the formula for computing their benefits is revised to counter these advances, as provided for in the bill.

The Civil Service Commission and the Bureau of the Budget, while conceding that some justification can be found for the immediate adjustment of existing annuities, at first recommended, in testimony during the hearings, that any retirement legislation be deferred until it can be considered in the findings of the President's Cabinet Committee on Federal Staff Retirement Systems, scheduled for completion by December 1965. In a later, special report of June 3, 1965 (printed at p. — of this report) the Commission's position is modified to give approval to the accelerated cost-of-living increase provisions of the reported bill.

In the judgment of the committee, the increases provided by H.R. 8469 will inure to the emergent need, and benefit those annuitants and survivors facing the greatest need. The committee emphasizes that the immediate relief of hardship to these victims of our expanding modern economy constitutes a moral obligation on the part of the Government, and urges approval of this proposed extension of benefits above and beyond those now provided by law.

ESTIMATED COST

The Civil Service Commission estimates the initial annual cost of the annuity increases proposed by the first section of H.R. 8469 to be \$90.4 million. Section 2 would increase the normal cost of the system by 0.18 percent of the payroll, incurring an annual cost of approximately \$58 million on the normal cost plus interest basis.

EXPLANATION OF THE BILL BY SECTIONS

Subsection (a) of the first section of H.R. 8469 changes the definition of the term "price index" from the annual average of the Consumer Price Index over a calendar year to that published monthly by the Bureau of Labor Statistics. It further defines the month used in determining that the price index warrants a cost-of-living adjustment as the "base month." Inasmuch as the Consumer Price Index already has risen at least 3 percent since 1962—3.7 percent in April 1965—the "base month" would be that in which this bill is enacted.

Subsection (b) authorizes the Civil Service Commission to use moneys to the credit of the retirement fund to cover the administrative cost they will incur in putting the increases provided in the bill into effect, and particularly those Consumer Price Index adjustments that may occur at indeterminate intervals in the future. The Commission would not be in a position to anticipate, for budgeting purposes, the frequency in which the proposed adjustments may occur during the course of any fiscal year.

Subsection (c) fixes the effective date of the adjustments provided in this section as the first day of the third month beginning after date of enactment. It preserves the cost-of-living adjustment principle established in 1962, but amends the plan to gear it to a more sensitive monthly indicator in lieu of the existing unrealistic average calendar year indicator. The increases it provides are made up of two components which are applicable to three categories of annuitants in varying total percentages.

In the first component all existing annuities which commenced on or before such effective date would be increased by the percentage rise in the price index, adjusted to the nearest one-tenth of 1 percent, computed on the annual average index for 1962 and the monthly price index most recently published on the date of enactment. This component will accelerate the cost-of-living adjustment and make it applicable very promptly, rather than on April 1, 1966, as contemplated in existing law. It will give to all annuitants an increase of at least 3.7 percent, effective the third month which begins after enactment, in lieu of a deferred adjustment on April 1, 1966.

The second component grants additional increases effective with the first component, in percentages dependent upon the commencing date of annuity payments. All annuities which commenced on or

before October 1, 1965, including the survivor annuities deriving from retirement annuities which so commended, will be increased by an added 6½ percent. All annuities which shall have commenced after October 1, 1956, and up until the effective date of the increases, will be increased by an added 1½ percent.

The total effect will give a combined increase of at least 10.2 percent to those whose annuities are based upon the law in existence on or before October 1, 1956, and not less than 5.2 percent to those whose annuities were computed under the liberalized formula made applicable after October 1, 1956, by the 1956 retirement amendments.

Subsection (c) also grants a slightly higher total increase in the benefits received by spouses of former employees who died or retired before survivor protection became generally available in 1948. This category consists of approximately 43,000 survivor annuitants, or 6 percent of the entire annuity enrollment, whose gift benefits were limited to maximums of \$50 or \$63 a month when awarded. Their annuities would be adjusted by an amount sufficient to make a total increase of the lesser of 15 percent or \$10 a month. It is estimated that since these particular recipients' monthly benefits average \$44, the average increase would approximate only \$6.60 per month.

This subsection also establishes the month used in computing the first component of the increase as the base month for determining the percentage change in the price index until the next succeeding increase may occur. It requires the Civil Service Commission to determine the percentage change each month after the date of enactment. Effective the first day of the third month beginning after the price index show a rise of at least 3 percent for 3 consecutive months over the base month, an automatic increase will become payable. All annuities which commenced on or before such effective date will be increased by the percentage rise in the price index. Such an increase will be computed on the highest percent of the 3 consecutive months, adjusted to the nearest one-tenth of 1 percent. The month forming the basis for such future increase will become the new base month for determining the next cost-of-living adjustment.

The subsection preserves the cost-of-living adjustment principle to future retirees and survivors of deceased employees but restricts the amount of increase to only that percentage rise occurring on or after the commencing dates of their annuities. In the case of an annuitant who has retired prior to the effective date of the bill and dies thereafter, his survivor would be eligible to receive the equivalent percentage of the total increases that the annuitant was receiving under this section while alive. The special increase provided by this section is preserved for those surviving spouses of annuitants retired prior to the 1948 Retirement Act Amendments, and whose benefits were limited during the lifetime of the survivor.

While the bill preserves the increases allowed therein to children of annuitants who die after the effective date, for administrative convenience it establishes that the percentage increases shall be 1½ percent plus added cost-of-living increases, since their entitlement to fixed dollar benefits was acquired in section 10(d) of the 1956 amendments.

Subsection (d) retains the usual language precluding an increase on any additional portion of annuity that was purchased by a retiree by voluntary contributions.

Subsection (e) retains the customary requirement that the monthly annuity, as increased, be adjusted to the nearest dollar. It provides, however, for reflecting an increase of at least \$1 per month wherever an increase would not otherwise cause a small annuity to be adjusted to the next higher dollar.

Section 2 amends existing law, effective from date of enactment, to provide that the annuities of eligible widows and widowers of employees who die in service, or who retire and die thereafter, be computed at the rate of 60 percent of the earned annuity or of the survivor base selected by the retiring employee. Existing law provides that such computation be at the rate of 55 percent of the earned annuity or selected base. Thus, the survivorship protection would be increased prospectively by one-eleventh, or 9.09 percent.

Section 3 authorizes payment of the increases provided by H.R. 8469 from the retirement fund and is similar to language necessary to give effect to prior annuity increase legislation. The increases would not otherwise be payable unless funds to cover their cost were to be appropriated.

ADMINISTRATIVE REPORT

Official report of the U.S. Civil Service Commission follows:

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June, 3 1965.

Hon. DOMINICK V. DANIELS,
*Chairman, Subcommittee on Retirement, Insurance, and Health Benefits,
Committee on Post Office and Civil Service, House of Representatives.*

DEAR MR. DANIELS: This is in response to your request of June 2, 1965, for the official views of the Commission on H.R. 8469, a bill to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

Effective the first day of the third month which begins after enactment, section 1 of H.R. 8469 would provide the following adjustments in existing annuities:

1. All annuities would be increased by the same percentage as the rise in the Consumer Price Index from the annual average of calendar year 1962 to the month latest published on date of enactment. Through April 1965 this rise has been 3.7 percent.

2. Annuities which began, or survivor annuities deriving from annuities which began, on or before October 1, 1956, would be further increased by 6½ percent; annuities which began after October 1, 1956, would be further increased by 1½ percent.

3. Annuities of widows and widowers of former employees who died or retired before the survivorship amendments of 1948, which annuities were later awarded as gifts limited to \$50 or \$63 a month, would be further increased by an amount sufficient to make the total increase equal the lesser of 15 percent of \$10 a month.

For the future, annuities would be increased automatically to reflect changes in the cost of living. Such increases would occur whenever the monthly price index showed a rise of at least 3 percent for 3 consecutive months over the base month used for determining the most recent cost of living adjustment.

The bill would make the retirement fund available for the payment of benefits resulting from its enactment, and also for the payment of

administrative expenses incurred by the Civil Service Commission in putting into effect the first and all subsequent annuity increases.

Section 2 of H.R. 8469 proposes that the annuities of eligible widows and widowers of employees who die in service or who retire and die after enactment will be 60 percent of the earned annuity or of the survivor base selected by the employee, instead of the 55 percent provided by existing law.

The initial annual cost of the annuity increases proposed by section 1 of H.R. 8469 is estimated to be \$90.4 million, with an increase in the unfunded liability of about \$924 million. Section 2 would increase the normal cost of the system by 0.18 percent of payroll. It would add \$817 million to the unfunded liability, and would incur an annual cost of approximately \$58 million on the normal cost-plus-interest basis.

By memorandum dated February 1, 1965, the President created the Cabinet Committee on Federal Staff Retirement Systems under the chairmanship of the Director of the Bureau of the Budget. In that memorandum he directed a review of the whole structure of our retirement policies, including the pattern and amounts of benefit payments. He specifically requested examination of survivor benefits available under the various plans.

The Commission is of the opinion that it would be best to defer retirement legislation until it can be considered in the light of the findings and recommendations which will be included in the committee report scheduled for completion by December 1, 1965. However, some justification can be found for immediate adjustment of existing annuities. In 1962 the Commission devised and submitted a plan for permanent adjustment of annuities to reflect changes in the cost of living, and that plan with minor revision was enacted as part of Public Law 87-793. Experience to date has shown that the mechanics for adjusting annuities to reflect living costs can be improved and the time element shortened by using the monthly price index instead of an annual average. Accordingly, the Commission will not object to enactment of H.R. 8469 insofar as it proposes adjustment of existing annuities to reflect changes in the cost of living.

We strongly recommend that section 2 be deleted from H.R. 8469. Section 2 is totally unrelated to the adjustment of existing annuities and proposes a major permanent liberalization in the retirement system. The proposal is made without regard to its relationship to other fringe benefits and without any demonstration of a need which would in any way justify its cost. It is the sort of piecemeal approach to retirement legislation which this administration seeks to check by the formulation of up-to-date policies in the light of the Cabinet Committee's study of the whole Federal retirement structure.

The Bureau of the Budget advises that enactment of H.R. 8469 would be inconsistent with the program of the President if it includes the provisions now in section 2 of the bill.

Several amendments of a technical nature have already been suggested to the staff of your committee by Commission staff. I trust you will approve this method rather than formal submission in view of the lack of time.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

CIVIL SERVICE RETIREMENT ACT

* * * * *

DEFINITIONS

SECTION 1. Wherever used in this Act—

* * * * *

(t) The term "price index" shall mean the [annual average over a calendar year of the] Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics. *The term "base month" shall mean the month for which the price index showed a per centum rise forming the basis for a cost-of-living annuity increase.*

* * * * *

SURVIVOR ANNUITIES

SEC. 10. (a)(1) If an employee or Member dies after having retired under any provision of this Act and is survived by a wife or husband to whom the employee or Member was married at the time of retirement, such wife or husband shall be paid an annuity equal to [55] 60 per centum of an annuity computed as provided in subsections (a), (b), (c), (d), (e), and (f) of section 9, as may apply with respect to the annuitant, or of such portion thereof as may have been designated in writing for such purpose by the employee or Member at the time of retirement, unless the employee or Member has notified the Commission in writing at the time of retirement that he does not desire his wife or husband to receive such annuity.

(2) An annuity computed under this subsection shall commence on the day after the retired employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before the survivor's death or remarriage.

(b) The annuity of a survivor designated under section 9(h) shall be [55] 60 per centum of the reduced annuity computed as provided in subsections (a), (b), (c), (d), (e), (f), and (h) of section 9 as may apply with respect to the annuitant. The annuity of such survivor shall commence on the day after the retired employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before the survivor's death.

(c) If an employee or a Member dies after completing at least five years of civilian service, the widow or dependent widower of such employee or Member shall be paid an annuity equal to [55] 60 per centum of an annuity computed as provided in subsections (a), (b), (c), (e), and (f) of section 9 as may apply with respect to the employee or Member. The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and such

annuity or any right thereto shall terminate on the last day of the month before (1) death or remarriage of the widow or widower or (2) the widower's becoming capable of self-support.

(d) If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of the Act, and is survived by a wife or by a husband, each surviving child who received more than one-half of his support from such employee or Member shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children. The child's annuity shall commence on the day after the employee or Member dies, and such annuity granted under this Act or under the Act of May 29, 1930, as amended from and after February 28, 1948, or any right thereto shall terminate on the last day of the month before (1) his attaining age eighteen unless incapable of self-support, (2) his becoming capable of self-support after age eighteen, (3) his marriage, or (4) his death, except that the annuity of a child who is a student as described in section 1(j) shall terminate on the last day of the month before (1) his marriage, (2) his death, (3) his ceasing to be such a student, or (4) his attaining age twenty-one. Upon the death of the surviving wife or husband or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member.

(e) In case a Member separated from service with title to a deferred annuity under this Act, either prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956, shall hereafter die before having established a valid claim for annuity and is survived by a wife or husband to whom married at date of separation, such surviving wife or husband (1) shall be paid an annuity equal to [55] 60 per centum of the Member's deferred annuity commencing on the day after the Member's death and terminating on the last day of the month before death or remarriage of such surviving wife or husband or (2) may elect to receive a lump-sum credit in lieu of annuity if such wife or husband is the person who would be entitled to the lump-sum credit and files application therefor with the Commission prior to the award of such annuity.

* * * * *

CIVIL SERVICE RETIREMENT AND DISABILITY FUND

SEC. 17. (a) The fund is hereby appropriated for the payment of benefits as provided in this Act, and for payment of administrative expenses incurred by the Commission in placing in effect each annuity adjustment granted under section 18 of this Act.

* * * * *

【COST-OF-LIVING ADJUSTMENT OF ANNUITIES

【SEC. 18. (a) After January 1, 1964, and after each succeeding January 1, the Commission shall determine the per centum change in the price index from the later of 1962 or the year preceding the most recent cost-of-living adjustment to the latest complete year. On the basis of such Commission determination, the following adjustments shall be made:

【(1) Effective April 1, 1964, if the change in the price index from 1962 to 1963 shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2, 1963, shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

【(2) Effective April 1 of any year other than 1964 after the price index change shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2 of the preceding year shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

【(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

【(1) Effective from the date of the first increase under this section, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 10(d)), which annuity commenced the day after the annuitant's death, shall be increased as provided in subsection (a)(1) or (a)(2) if the commencing date of annuity to the annuitant was earlier than January 2 of the year preceding the first increase.

【(2) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 10(d)), which annuity commences the day after the annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death.

【(3) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 10(d), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section, and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death. Effective from the date of the first increase under this section, the provisions of this paragraph shall apply as if such first increase were in effect with respect to computation of a child's annuity under section 10(d) which commenced between January 2 of the year preceding the first increase and the effective date of the first increase.

【(c) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

[(d) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar.]

SEC. 18. (a) Effective the first day of the third month which begins after the date of enactment of this amendment, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by (1) the per centum rise in the price index, adjusted to the nearest one-tenth of 1 per centum, determined by the Commission on the basis of the annual average price index for calendar year 1962 and the price index for the month latest published on date of enactment of this amendment, plus (2) 6½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred on or before October 1, 1956, or 1½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred after October 1, 1956. The month used in determining the increase based on the per centum rise in the price index under this subsection shall be the base month for determining the per centum change in the price index until the next succeeding increase occurs. Each survivor annuity authorized (1) by section 8 of the Act of May 29, 1930, as amended to July 6, 1950, or (2) by section 2 of Public Law 85-465, shall be increased by any additional amount which may be required to make the total increase under this subsection equal to 15 per centum or \$10 per month, whichever is the lesser.

(b) Each month after the first increase under this section, the Commission shall determine the per centum change in the price index. Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.

(c) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

(1) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 10(d)), which annuity commences the day after annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death, except that the increase in a survivor annuity authorized by section 8 of the Act of May 29, 1930, as amended to July 6, 1950, shall be computed as if the annuity commencing date had been the effective date of the first increase under this section.

(2) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 10(d), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section for employee annuities which commenced after October 1, 1956, and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death.

(d) *No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.*

(e) *The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall after adjustment reflect an increase of at least \$1.*



89TH CONGRESS
1ST SESSION

Union Calendar No. 233

H. R. 8469

[Report No. 529]

IN THE HOUSE OF REPRESENTATIVES

MAY 26, 1965

Mr. DANIELS introduced the following bill; which was referred to the Committee on Post Office and Civil Service

JUNE 17, 1965

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 1 (t) of the Civil Service Retirement Act,
4 as amended (5 U.S.C. 2251 (t)), is amended to read as
5 follows:

6 “(t) The term ‘price index’ shall mean the Consumer
7 Price Index (all items—United States city average) pub-
8 lished monthly by the Bureau of Labor Statistics. The term
9 ‘base month’ shall mean the month for which the price index

1 showed a per centum rise forming the basis for a cost-of-
2 living annuity increase.”

3 (b) Section 17 (a) of such Act, as amended (5 U.S.C.
4 2267 (a)), is amended by inserting immediately before the
5 period at the end thereof the following: “, and for payment
6 of administrative expenses incurred by the Commission in
7 placing in effect ~~such~~ *each* annuity adjustment granted under
8 section 18 of this Act”.

9 (c) Section 18 of such Act, as amended (5 U.S.C.
10 2268), is amended to read as follows:

11 “SEC. 18. (a) Effective the first day of the third month
12 which begins after the date of enactment of this amendment
13 each annuity payable from the fund which has a commencing
14 date not later than such effective date shall be increased by
15 (1) the per centum rise in the price index, adjusted to the
16 nearest one-tenth of 1 per centum, determined by the Com-
17 mission on the basis of the annual average price index for
18 calendar year 1962 and the price index for the month latest
19 published on date of enactment of this amendment, plus (2)
20 6½ per centum if the commencing date (or in the case of the
21 survivor of a deceased annuitant the commencing date of the
22 annuity of the retired employee) occurred on or before
23 October 1, 1956, or 1½ per centum if the commencing date
24 (or in the case of the survivor of a deceased annuitant the
25 commencing date of the annuity of the retired employee)

1 occurred after October 1, 1956. The month used in deter-
2 mining the increase based on the per centum rise in the
3 price index under this subsection shall be the base month for
4 determining the per centum change in the price index until
5 the next succeeding increase occurs. Each survivor annuity
6 authorized (1) by section 8 of the Act of May 29, 1930,
7 as amended to September 4, 1950, July 6, 1950, or (2)
8 by section 2 of Public Law 85-465, shall be increased by
9 any additional amount which may be required to make the
10 total increase under this subsection equal to 15 per centum
11 or \$10 per month, whichever is the lesser.

12 "(b) Each month after the first increase under this sec-
13 tion, the Commission shall determine the per centum change
14 in the price index. When the Commission determines that
15 the price index has for three consecutive months shown a
16 rise of at least 3 per centum over the price index for the
17 base month, the following adjustment shall be made:

18 "(1) Effective the first day of the third month
19 which begins after the price index shall have equaled a
20 rise of at least 3 per centum for three consecutive
21 months, each annuity payable from the funds which has
22 a commencing date not later than such effective date
23 shall be increased by the per centum rise in the price
24 index (calculated on the highest level of the price index

1 during the three consecutive months) adjusted to the
2 nearest one-tenth of 1 per centum.

3 “Effective the first day of the third month which begins after
4 the price index shall have equaled a rise of at least 3 per
5 centum for three consecutive months over the price index
6 for the base month, each annuity payable from the fund
7 which has a commencing date not later than such effective
8 date shall be increased by the per centum rise in the price
9 index (calculated on the highest level of the price index
10 during the three consecutive months) adjusted to the nearest
11 one-tenth of 1 per centum.”;

12 “(c) Eligibility for an annuity increase under this sec-
13 tion shall be governed by the commencing date of each an-
14 nuity payable from the fund as of the effective date of an
15 increase, except as follows:

16 “(1) Effective from its commencing date, an an-
17 nuity payable from the fund to an annuitant’s survivor
18 (other than a child entitled under section 10(d)),
19 which annuity commences the day after annuitant’s
20 death and after the effective date of the first increase
21 under this section, shall be increased by the total per
22 centum increase the annuitant was receiving under this
23 section at death, except that the increase in a survivor
24 annuity authorized by section 8 of the Act of May 29,
25 1930, as amended to September 1, 1950, July 6, 1950,

1 shall be computed as if the annuity commencing date
2 had been prior to the effective date of the first increase
3 under this section.

4 “(2) For purposes of computing an annuity which
5 commences after the effective date of the first increase
6 under this section to a child under section 10(d), the
7 items \$600, \$720, \$1,800, and \$2,160 appearing in sec-
8 tion 10(d) shall be increased by the total per centum
9 increase allowed and in force under this section *for*
10 *employee annuities which commenced after October 1,*
11 *1956*, and, in case of a deceased annuitant, the items
12 40 per centum and 50 per centum appearing in section
13 10(d) shall be increased by the total per centum increase
14 allowed and in force under this section to the annuitant
15 at death.

16 “(d) No increase in annuity provided by this section
17 shall be computed on any additional annuity purchased at
18 retirement by voluntary contributions.

19 “(e) The monthly installment of annuity after adjust-
20 ment under this section shall be fixed at the nearest dollar,
21 except that such installment shall after adjustment reflect
22 an increase of at least \$1.”

23 SEC. 2. Section 10 of the Civil Service Retirement Act,
24 as amended (5 U.S.C. 2260), is amended by striking out
25 “55” wherever it appears therein and inserting in lieu

1 thereof "60". This amendment shall not apply with respect
2 to employees or Members retired or otherwise separated
3 prior to the date of enactment of this Act.

4 SEC. 3. The provisions under the heading "CIVIL SERV-
5 ICE RETIREMENT AND DISABILITY FUND" in title I of the
6 Independent Offices Appropriation Act, 1959 (72 Stat.
7 1064; Public Law 85-844), shall not apply with respect
8 to benefits resulting from the enactment of this Act.

89TH CONGRESS H. R. 8469
1ST SESSION

[Report No. 529]

A BILL

To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

By Mr. DANIELS

MAY 26, 1965

Referred to the Committee on Post Office and Civil Service

JUNE 17, 1965

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

— H.R. 8469

A BILL

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House - 3 - July 13, 1965

13. FARM PROGRAM. The "Daily Digest" states that the Agriculture Committee "ordered a clean bill introduced in lieu of H. R. 7097," the farm bill. p. D642
Rep. Hansen, Iowa, inserted an editorial regarding the "improvement in the economic situation of farmers" which he stated indicates "the reason why a strong farm program is imperative if we are to maintain our current farm economy" and the "importance of farm economy to the total economy of our Nation." p. 16001
14. MILITARY CONSTRUCTION. Conferees were appointed on H. R. 8439, the military construction bill, which includes an item for payment of CCC for certain family housing which was financed from the sale of surplus commodities (p. 15958). Senate conferees have already been appointed.
15. TRANSPORTATION. Conferees were appointed on H. R. 5401, to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system (p. 15958). Senate conferees have not been appointed.
16. DISASTER RELIEF. The "Daily Digest" states that the Banking and Currency Committee voted to report (but did not actually report) S. 408, to authorize a study of methods of helping to provide financial assistance to victims of future flood disasters. p. D642
17. PERSONNEL. The "Daily Digest" states that the Rules Committee "granted an open rule on H. R. 8469," to increase annuities payable from the civil service retirement and disability fund. p. D643
18. FOREIGN AID. Rep. Duncan, Tenn., voiced "alarm" over continued aid to Egypt stating "it is not only food, but our country's prestige and security, that is being doled out to an unfriendly dictator." p. 15988
19. FARM LABOR. Rep. Teague, Calif., inserted a newsletter praising the Calif. farmers for paying the "highest farm wages in the Nation" and for "transporting workers from long distances, to meet this year's labor shortages." p. 15995
20. RECREATION. Rep. Helstoski commended House passage of the bill to authorize establishment of the Tocks Island National Recreation Area in Pa. and N. J. pp. 16000-1

ITEMS IN APPENDIX

21. OPINION POLL. Rep. Bandstra inserted the results of an opinion poll, including items of interest to this Department. pp. A3711-2
22. HOUSING. Extension of remarks of Rep. Duncan, Ore., favoring the bill which would authorize the Dept. of Housing and Urban Development, and inserting an article, "Hope for Cities." p. A3716
23. TREE FARMING. Extension of remarks of Rep. Saylor emphasizing the value of trees in checking erosion, and building up watersheds and inserting an article containing helpful suggestions for tree farmers. pp. A3717-8
24. FOREIGN AID. Rep. Bray inserted an article, "Foreign Aid Is an Iceberg", critical of the foreign aid program. p. A3718

25. WHEAT; FARM PROGRAM. Extension of remarks of Rep. Callan inserting Secretary Freeman's letter to the president of the First National Bank, N. Y., and stating that the letter "points out clearly that the proposed wheat program is in harmony with the goals of the Great Society." p. A3723
26. FARM LABOR. Extension of remarks of Rep. Roybal inserting an article concerned with the "highly successful" transition of Calif.'s agricultural industry from the use of foreign labor to an almost complete use of domestic workers this year. pp. A3728-9
Extension of remarks of Rep. Talcott stating that most reports are unfavorable as to the success of the A-team agricultural workers and inserting an article on this subject. pp. A3731-2
27. LOBBYING. Extension of remarks of Rep. Bennett discussing provisions of his bill which would turn over the administration of the Lobbying Act to the Comptroller General. p. A3730
28. ELECTRIFICATION. Extension of remarks of Reps. Whitemer and Dorn expressing hope that the FPC will reject the petition filed by Interior Dept. to intervene in the proposed Duke Power Co. project, and inserting an article, "Public Power Priority." pp. A3730-1, A3733

BILLS INTRODUCED

29. PERSONNEL. H. R. 9800 by Rep. Udall, to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States; to Government Operations Committee.
30. FATS AND OILS; IMPORTS. H. R. 9808 by Rep. Rhodes, Pa., to amend the Tariff Act of 1930 to provide for alteration of the duties on importation of copra, palm nuts and palm nut kernels, and the oils crushed therefrom; to Ways and Means Committee
31. FARM PROGRAM. H. R. 9811 by Rep. Cooley, to maintain farm income, to stabilize prices and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government costs and promote foreign trade, to afford greater economic opportunity in rural areas; to Agriculture Committee
32. SUGARBEETS. S. 2280 by Sen. McGovern, to provide for granting feed grain base acreage or wheat allotment to former sugarbeet producers; to Agriculture and Forestry Committee.
33. MINERALS. S. 2281 by Sen. Cannon, to amend section 3 of the Act of July 23, 1947 (69 Stat. 367, 368), and to authorize mining locations for certain mineral deposits; to Interior and Insular Affairs Committee. Remarks of author, pp. 16030-2
34. LANDS; SOIL CONSERVATION. S. 2282 by Sen. Nelson, to authorize the Secretary of the Interior to conduct a program of research, study, and surveys, documentation and description of the natural environmental systems of the United States for the purpose of understanding and evaluation the condition of these

DIGEST of Congressional Proceedings

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.
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POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS; Senate debated housing bill, including title on rural housing. Senate agreed to conference report on water resources development bill. Rep. Cabel praised USDA inspection services.

SENATE

1. **HOUSING LOANS.** Began debate on S. 2213, on housing and urban redevelopment, including a title on rural housing loans (pp. 16132, 16137-42, 16149-90). Sen. Kuchel submitted, but later withdrew, a proposed amendment to provide that the terms "rural" and "rural area" mean any area, open country, place, town, village, or city having a population of 5,500 inhabitants or less that is not part of or associated with an urban area, after Sen. Sparkman assured him that this question would be considered by the conference committee (p. 16172). Agreed to a unanimous-consent agreement by Sen. Mansfield to limit further debate on the bill and amendments beginning Thurs., July 15 (p. 16185).
2. **WATER RESOURCES.** Agreed to the conference report on S. 21, the proposed Water Resources Planning Act (pp. 16142-4). This bill will now be sent to the President. See Digest 123 for provisions of this bill.

Sens. Anderson, McGee, and Javits expressed concern over the water shortage in many parts of the Nation and inserted an article, "Special Report: A Nation Can Dry Up." pp. 16127-9, 16130-2, 16134-7

3. SALINE WATER. Conferees were appointed on S. 24, to expand, extend, and accelerate the saline water conversion program conducted by Interior (p. 16144). House conferees have not yet been appointed.
4. ELECTRIFICATION. Sen. Thurmond criticized Secretary of the Interior Udall's "attempt to block Duke Power Co. from constructing a proposed \$700 million power generating complex" in S. C., and inserted several items in support of his criticism. pp. 16190-5
5. WATERSHEDS. The Public Works Committee approved plans for works of improvement on the following watersheds: Cooper Creek, Ark.; Lower Little Tallapoosa River, Ga. and Ala.; Limestone Stream, Me.; Long Creek, Miss.; Tuscumbia River, Miss. and Tenn.; Grindstone-Lost-Muddy Creek, Mo.; Stewarts Creek-Lovills Creek, N. C. and Va.; Uncle John Creek, Okla.; Upper Elk Creek, Okla.; Wilson Spring Creek, Tenn.; Attoyac Bayou, Tex.; Castleman Creek, Tex.; Donahoe Creek, Tex.; and Ferron, Utah. pp. 16124-5
6. BUILDINGS. Sen. McNamara submitted a listing of public building prospectuses approved by the Public Works Committee. pp. 16123-4

HOUSE

7. INSPECTION SERVICES. Rep. Cabell praised the "highly valuable but little publicized" quarantine service of USDA stating that it "has saved consumers and the economy untold millions of dollars." p. 16252
8. FARM PROGRAM. Rep. MacGregor inserted an article, "The Back of Freeman's Hand," critical of the Secretary's "ridicule" of those who have "questioned Department proposals." pp. 16260-1
Rep. Findley called the farm bill the "most expensive...in the history of farm legislation" and inserted a 4-year breakdown of the estimated costs. pp. 16261-2
Rep. Purcell spoke in favor of the farm bill and said, "Let us not be fooled by any fraudulent 'bread tax' arguments against it." p. 16281
9. PERSONNEL. The Rules Committee reported a resolution for the consideration of H. R. 8469, to provide certain increases in annuities payable from the civil service retirement and disability fund. p. 16206
10. HIGHWAYS. The Public Works Committee reported with amendment H. R. 6790, to increase the limitation on emergency relief for the repair or reconstruction of highways under 23 U.S.C. 125 (H. Rept. 614). p. 16286
11. ATOMIC ENERGY; ELECTRIFICATION. The Rules Committee reported a resolution for the consideration of H. R. 8856, to amend the Atomic Energy Act to clarify the intent of Congress regarding regulation of the sale, generation, or transmission of electric power produced through the use of nuclear facilities licensed by the Atomic Energy Commission. pp. 16251-2
12. EDUCATION. The Education and Labor Committee was granted until midnight July 14 to file a report on H. R. 9567, the proposed Higher Education Act. p. 16252

Mr. Bailey lived a full and complete life, and I take this opportunity to extend my deepest sympathy to his widow and children.

Mr. McCORMACK. Mr. Speaker, it is my sad mission of the moment to call to the attention of the House the demise of a former Member, and my great and good friend, the Honorable Cleveland M. Bailey, for many years a Representative from the West Virginia Third District.

Cleveland Bailey was a man of great heart and charming disposition. He was also a man of many talents, high intellectual attainments, and strong conscience. He was a man who was incapable of standing aside, unconcerned, when his fellowman was suffering and in need of assistance. He was also a man of considerable insight, who could instantly perceive the answer to certain problems that were great enough to baffle the majority of his colleagues.

Indeed, the world will not soon be blessed with another as beneficial to the purposes of life as our friend, the late Cleveland Bailey.

Born on a farm in the State of West Virginia, Cleveland Bailey acquired in youth the many virtues to be derived from the tough, invigorating work required of farm life. He also acquired the moral fiber of the hard-working average American, sometimes pressed by circumstances, but never doubtful of the outcome. His optimistic outlook remained with Cleveland Bailey throughout his lifetime, rendering him a man of spirit as well as wisdom and ability.

In choosing an occupation, Cleveland Bailey originally turned to the education field, in which he served as a high school principal and district supervisor, before entering the world of politics, as city councilman. Gifted in a literary way, he was persuaded for a time to turn his back on politics in favor of newspaper work, and for 11 years he served as the Associated Press editor for his hometown of Clarksburg, W. Va., before running successfully for the office of State auditor, in the depression year of 1933.

Success seemed to mark the career of Cleveland Bailey at every turn, and he was retained in the auditor's office for 8 years before becoming State budget director, in 1941. When his party presented him with a congressional nomination, in 1944, in the midst of World War II, Cleveland Bailey accepted, made the canvass, and won by a decisive majority.

In Congress he served on the Committee on Education and Labor, in which body he was an outstanding member, from first to last. He was one of the first Members of the House to push Federal education legislation of the kind we need so badly if we are to keep this country No. 1 on the ladder of international importance.

In Congress he also fought for increased minimum wage law, medicare, the Youth Conservation Corps, greater aid to the elderly and many other liberal, farsighted measures.

Primarily, however, he was the foremost congressional proponent of Federal aid to American schools, and as such shall go down in history as a crusader of the first magnitude.

We shall miss him. Cleveland M. Bailey was a man of many talents, with a rare gift for leading in the fight for needed reform, without fear of the consequences.

I, personally, am proud, indeed, to have had him for a friend.

Mr. ALBERT. Mr. Speaker, the great State of West Virginia is poorer for having lost one of its most loyal citizens and devoted servants, my late colleague and former Member of the House, Cleveland Bailey. Mr. Bailey represented West Virginia's Third District for 16 years, which was a short span of time indeed in which to have carved out so eminent a reputation. The Nation itself is poorer for having lost this great advocate and sponsor of some of the most important laws ever placed on our statute books.

Mr. Bailey won his honorary title of "Mr. Education" by his constancy in support of education programs for the benefit of this country. He was co-author of the historic National Defense Education Act of 1958, which was a major milestone in American education in this century. He was in large part responsible for the enactment of many other national programs, such as library services to rural people, Federal aid to impacted areas, and Federal support of general-level university extension courses.

He played the field in working for humanitarian legislation. Humanitarianism was in fact the most shining characteristic of his public service. He worked for the expansion of educational opportunities, the extension of social security coverage, increases in the minimum wage, for better housing, for area redevelopment, for a food stamp program, for the improved safety of the coal miners of his own district whose welfare was always dear to his heart. His dedication to his job and his people filled his life. The warp and woof of his days is interwoven in the great programs which have enriched the lives of millions of Americans.

His works are known to many men—his personality and character to a relative few of them. The House has lost an admired and respected former colleague; we have also lost a man who was a warm and loyal friend to many of us, a man we loved not only for his great heart and mind but for the smaller, endearing traits we had come to know through long years of close association in this body.

I extend to his widow, his children, and all his loved ones my profound sympathy.

Mr. BENNETT. Mr. Speaker, when our former colleague, Cleve Bailey, left this earthly life, he left behind him a great, a lasting, and a living memorial to himself in the splendid legislation he authored and helped to enact in the field of education. It was my good fortune to be closely associated with him in 1949 and subsequent years in working for and enacting legislation in this field and I can sincerely say that in these years I know of no one who made a greater contribution in this field than he did. Mostly I remember him as a friend, a warmhearted, outgoing man, clever and

shrewd in his battle for right causes, but never unfair to anyone.

Mr. HECHLER. A gruff but firm voice over the telephone said:

I'll pick you up at New Jersey and C Streets at 7 in the morning.

Right on the dot, Cleve Bailey was there. We set out together on the long drive to Atlantic City, to attend the Democratic National Convention, where we were both serving as delegates last summer.

It was a fascinating experience to drive along and listen to this great veteran of the West Virginia political wars reminisce. He was justly proud of the fact that the voters of the State had cast 102,407 votes for him in the race for 15 delegate-at-large seats at the national convention. It was the first statewide race which Congressman Bailey had ever made, even though he had served in State appointive offices as assistant State auditor and State budget director during World War II. The total which he amassed in the national convention race was second only to the incomparable Senator JENNINGS RANDOLPH and, along with RANDOLPH, Congressman Bailey was the only candidate to top 100,000 votes.

BORN IN ST. MARYS, W. VA.

You know, I had my 78th birthday on July 15—just a little over a month ago—

He said, puffing that inevitable cigar as we drove along the Maryland countryside.

Yes, sir, I was born in 1886, when West Virginia was only 23 years old. And I was born in your district too—on a farm near St. Marys. I've got lots of relatives back there in the hills, and I'll go back up there and campaign for you.

I reminded Congressman Bailey that we had had a rip-roaring political meeting along the railroad tracks which run through St. Marys in 1962, when he had torn into the Republicans for their "shortsightedness and obstructionism." He chuckled:

Some of those folks up there still remember me from the days I went to St. Marys High School.

How did you happen to get on the Education and Labor Committee?—I asked him. He took out his cigar deliberately, pushed it out in the ash tray, and slowed down a little:

When I got out of Geneva College, I went to work for a steel company up in Pittsburgh, and then I began to teach school around the first war. I was a high school principal and district superintendent of schools up around Clarksburg, you know what I mean?

Anybody around Cleve Bailey for very long realizes that when he used that phrase "you know what I mean?" it was a signal for a new cigar. Sure enough, he lit up again. After a few puffs, he was back to politics again:

So I decided to run for the city council in Clarksburg, and was on there for 2 years, from about 1921 to 1923. Then I got mixed up in newspaper work and was on the Clarksburg Exponent for about 10 years. But I wanted to be on Education and Labor, and they put me there on account of my school experience.

REPRESENTATIVE JOHN F. KENNEDY, DEMOCRAT, OF MASSACHUSETTS

Suddenly, Cleve looked over to my side of the car with one of those sidelong

glances which made his riders wonder if he was also looking at the road ahead:

Let me tell you something. I remember the first day that young Jack Kennedy showed up on our Education Committee, and I took him by the hand and helped show him the ropes.

He talked with relish about the days when Kennedy was in the House of Representatives, and their service together:

You remember that fist fight I had with ADAM CLAYTON POWELL? I told 'em all afterward I had given ADAM a white eye—

He chuckled again—
But he wanted to put a rider against segregation on the school bill, and I told him that would lick the bill so the southerners couldn't afford to support it. He came around later and opposed such an amendment when it came up again.

He said crisply:
Well, I'll tell you one thing: nobody ever told Bailey what to say on the floor of the House or told him how to vote. That's a great feeling. They worked on me hard on reciprocal trade, all the way up to the President, but they can't shake this buzzard.

The proud chin jutted out.
MINIMUM WAGE

We drove through some lush country-side, and a few small towns. Suddenly, he shifted the subject:

You know, I'm really proud of what the minimum wage has done for all these people. Look around you here. I'll bet there's not one of these people you see in this town that isn't thankful for the minimum wage laws. And to think the way those special privilege boys fought me, and still fight. We were paying a minimum of 40 cents an hour in 1949. I was elected to the House in 1944, then went down in the 1946 Republican landslide, but when I came back in the Truman election of 1948, we started working on raising the minimum wage to 75 cents an hour.

Some hours later we began to hit the outskirts of Atlantic City. We passed through one section where scores of children were out on a playground:

But most of all, serving in the House and on the Education and Labor Committee was working for them—

He said, pointing with his cigar—
Impacted area programs, and the national defense education act—all these things came before my committee. We almost got a secondary and elementary school bill in 1960 if Judge SMITH hadn't stepped in. But we're going to get it yet—

He said. We did.
I won't be around many more years—

Cleve said, as we drove toward our destination—
but I've seen a lot happen. It's great to be part of some it, you know what I mean?

I hadn't noticed that the cigar was out, but he had a new one lit.

The old fire finally went out yesterday, for Cleveland Monroe Bailey, 2 days before his 79th birthday. But the young people who go to school and college, the workers who get a decent living wage, the families benefiting from the anti-poverty program—Congressman Bailey fought for years for the Youth Conservation Corps, a revival of the old CCC camps—and countless others in West Virginia and throughout the Nation will

continue to benefit from his good works.

I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks reflecting the life and contributions of the late Honorable Cleveland M. Bailey.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

INCREASE IN PAY OF MEMBERS OF THE ARMED SERVICES

Mr. MADDEN, from the Committee on Rules, reported the following privileged resolution (H. Res. 470, Rept. No. 612), which was referred to the House Calendar and ordered to be printed:

H. RES. 470

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9075) to amend title 37, United States Code, to increase the rates of basic pay for members of the uniformed services. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

INCREASES IN CIVIL SERVICE RETIREMENT ANNUITIES

Mr. YOUNG, from the Committee on Rules, reported the following privileged resolution (H. Res. 471, Rept. No. 613), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed two hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the amendments recommended by the Committee on Post Office and Civil Service now printed in the bill. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CORRECTION OF ROLLCALL

Mr. O'NEAL of Georgia. Mr. Speaker, on rollcall No. 183, I am recorded as ab-

sent. I was present and answered to my name. I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

SUBCOMMITTEE NO. 1 OF THE COMMITTEE ON THE JUDICIARY

Mr. CELLER. Mr. Speaker, I ask unanimous consent that Subcommittee No. 1 of the Committee on the Judiciary have permission to sit during general debate for the rest of the week.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. HALE. Mr. Speaker, reserving the right to object, may I inquire of the distinguished chairman of the committee which subcommittee that is?

Mr. CELLER. That is the committee considering the immigration bill.

Mr. HALL. Mr. Speaker, I am constrained to object.

The SPEAKER. Objection is heard.

BIRTHDAY OF THE HONORABLE CLARENCE J. BROWN AND THE HONORABLE GERALD R. FORD

(Mr. McCULLOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCULLOCH. Mr. Speaker, I am pleased to see in the House this morning my good friend CLARENCE J. BROWN, that able Representative from the seventh Congressional District of Ohio, who has done so much for the people of his State and his Nation.

Mr. Speaker, I have a particular fondness for CLARENCE BROWN. When I first ran for Congress in a special election, CLARENCE J. BROWN was the only non-resident of my district who came to say a word for me. All Members of the House know how persuasive the gentleman from Ohio [Mr. Brown] is in the House of Representatives. He was even more persuasive in my campaign. I owe him much.

Mr. Speaker, as a very young man, CLARENCE J. BROWN became secretary of state. The secretary of state was and is the chief election officer of the State of Ohio. Before CLARENCE was elected secretary of state, Ohio's elections were not always honestly conducted. Courageous young man that he was, he was responsible for Ohio's remarkably effective "honest election laws" and we have had few, if any, corrupt elections in all the long time since his election reforms.

Our present secretary of state, Ted Brown, has carried on in the same able courageous way in enforcing the election laws that CLARENCE BROWN in large part dictated when he was the chief election officer of the State of Ohio.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman yield

Mr. McCULLOCH. Yes, I am glad to yield to our distinguished minority leader.

Mr. GERALD R. FORD. Mr. Speaker, I would like to second the words of the

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14. DATA PROCESSING. A subcommittee of the Government Operations Committee voted to report to the full committee with amendment H. R. 4845, to provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing equipment by Federal agencies. p. D740
15. LABOR STANDARDS. A subcommittee of the Education and Labor Committee "approved a subcommittee print on H. R. 8259, to amend the Fair Labor Standards Act to extend its protection to additional employees and to improve its maximum hours standards." p. D740
16. PERSONNEL. Passed, 394 to 0, as reported H. R. 8469, to provide increases in the annuities of Federal civil service retirees and survivors currently on the annuity rolls, to improve the existing cost-of-living adjustment principle by gearing it to a more sensitive monthly price index indicator, and to increase the rates for computing annuities of spouses of employees and future annuitants. pp. 18509-10, 18511-~~29~~³⁰
17. TAXATION; DISASTER RELIEF. Passed as reported H. R. 7502, to amend the Internal Revenue Code so as to provide for income tax relief for certain casualty losses attributable to major disasters. pp. 18500-1
18. MEAT AND POULTRY INSPECTION. Rep. Adams commended the meat and poultry inspection service of this Department as making "an immense contribution to the well-being of every person in this country." p. 18540
19. CONSUMERS. Rep. Purcell commended consumer services activities of this Department, stating that "more than \$2 out of every \$3 expended by the U. S. Department of Agriculture in fiscal 1965 were spent for services of primary benefit to the general public." p. 18587
20. POTATOES. Rep. Hathaway defended the present price of potatoes on the basis that the price was due to a short supply and large demand for potatoes. p. 18587
21. PEACE CORPS. Conferees were appointed on S. 2054, to authorize appropriations for the Peace Corps for 1966 (p. 18499). Senate conferees have already been appointed.
22. FOREIGN TRADE. Rep. Collier urged amendment of the Trade Expansion Act to provide restrictions on the importation of certain foreign products. pp. 18569-70
23. ELECTRIFICATION. Rep. Dent inserted an article discussing plans for a multi-million-dollar interstate electric power project by the Pa. Electric Co. and the N. Y. State Electric & Gas Corp. pp. 18587-8
24. TORT CLAIMS. Received from this Department the annual report on tort claims. p. 18593
25. CONTRACTS. Received from the Labor Department a proposed bill "to provide labor standards for certain persons employed by Federal contractors to furnish services to Federal agencies, and for other purposes"; to Education and Labor Committee. p. 18593

ITEMS IN APPENDIX

26. CENSUS. Rep. Pool inserted a newspaper article expressing support for a mid-decade census. p. A4260
27. NATURAL BEAUTY. Rep. Springer inserted a series of three articles dealing with Natural Beauty program and including reference to the Recreation Advisory Council of which Secretary Freeman is currently the chairman. pp. A4258-9, A4261, A4263.
28. FOOD PRICES. Rep. Schmidhauser inserted an article discussing the relationship between food prices and farmer income and attributing higher personal income in Iowa this year to higher farm income caused by bigger profits from livestock. pp. A4263-4
29. FOREIGN AID; DAIRY. Rep. Race inserted a resolution of the Wisconsin Legislature to memorialize Congress to use Wisconsin dairy and other agricultural products in food for peace, Alliance for Progress, and other foreign aid programs. p. A4264
30. BUDGET. Extension of remarks of Rep. Abernethy expressing dissatisfaction with Federal Government deficit spending and inserting articles on the subject. pp. A4264-5
31. FARM LABOR. Rep. Pepper inserted two articles suggesting that the "A-team" project using high school youths on America's farms "has proven highly successful in increasing employment of the U. S. farmworkers, although it has fallen far short of its intended mark in youth job placement." pp. A4281-3
32. DAYLIGHT TIME. Extension of remarks of Rep. Moss supporting pending legislation to standardize daylight saving time and inserting an article on this subject. p. A4283.
Extension of remarks of Rep. Vanik favoring Congressional action to prescribe nationwide uniformity in switchover dates for daylight saving time and inserting an article on this subject. p. A4289
33. OPINION POLL. Rep. Grover inserted the percentage analysis of responses to his questionnaire, including items on poverty and education. pp. A4265-6
34. VOTING RECORD. Extension of remarks of Rep. Harsha describing recently enacted legislation and giving his reasons for voting for or against certain programs. pp. A4267-9
35. FARM PRICES. Extension of remarks of Rep. Purcell inserting Don Raarberg's "Great Myths of Agricultural Policy: Farm Prices Are Made in Washington." pp. A4269-70
36. TRANSPORTATION. Rep. Murphy, N. Y., inserted Secretary of Commerce Connor's speech at the U. S. Merchant Marine Academy in which he stressed the need for restoration of America "to its proper place in the high seas." pp. A4278-80
37. POPULATION. Extension of remarks of Rep. Todd noting that "one of the most serious effects of the world population explosion is the desperate race now underway between increases in food production and spiraling population growth," and inserting an article discussing the population problems and solutions tried by India. pp. A4287-8

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

PACIFIC MISSILE RANGE EMPLOYEES

Mr. TEAGUE of California. Mr. Speaker, I ask unanimous consent to return to Private Calendar No. 162, for the consideration of the bill (H.R. 3770) for the relief of certain individuals employed by the Department of the Navy at the Pacific Missile Range, Point Mugu, Calif.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill as follows:

H.R. 3770

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That each individual named in section 3 of this Act is relieved of liability to pay to the United States the amount set forth opposite his name, which amount represents an erroneous payment of compensation received by him during the period, 1959 through 1964, as a civilian employee of the Department of the Navy at the Pacific Missile Range, Point Mugu, California, and was erroneously paid to him due to administrative error.

Sec. 2. The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to each individual named in section 3 of this Act, the sum certified to him by the Secretary of the Navy as the aggregate of amounts paid by such individual to the United States, or withheld from amounts due him from the United States, on account of the liability for which relief is granted by the first section of this Act.

Sec. 3. The individuals referred to in the first section of this Act, and the amount of the liability of each of them, are as follows:

Name	Amount of overpayment
Baker, Donald M.	\$340.00
Baldonado, Ernest C.	226.40
Ballinger, Ben C.	168.78
Bell, Lloyd A.	115.20
Blackwood, Adams G.	199.20
Blayne, Walter L., Jr.	138.40
Brauer, William E.	207.22
Brewer, Kenneth R.	168.00
Brewer, Max R.	81.28
Breyer, Theodore J.	115.20
Brickley, Cecil E.	168.00
Bright, Donald R.	782.34
Burch, J. D.	91.20
Carter, Norman S.	340.00
Chiellon, Hector J.	739.20
Clark, Harold A.	318.73
Cowley, James A.	137.60
Cox, Arthur C., Jr.	19.44
Day, James H.	97.60
Devine, Lloyd W.	91.20
Dick, Perry K.	149.60
Domes, William J.	124.80
Doran, Gerald F.	8.80
Doran, Lawrence B.	28.00
Dragoo, Norman R.	91.20
Duncan, Robert E.	36.10
Duryea, Leon K.	66.40
Ellis, Edgar C.	\$274.40
Ellison, Silas W.	272.63
Ferguson, Francis, Jr.	85.60
Fox, J. L.	234.40

Name	Amount of overpayment
Fraser, Thomas A.	\$260.00
Gallagher, Warren L.	279.20
Gustafson, John G.	25.60
Hall, James B.	56.00
Hansen, Loren R.	79.20
Hayden, Edgar H.	104.80
Higginson, Leo T.	33.60
Hollan, John E.	137.92
Hopwood, Arthur E.	193.60
Hutton, Sidney D.	149.60
James, Anthony B.	79.84
Jensen, Carl O.	176.00
Johnston, Robert L.	205.60
Kline, Robert A.	67.20
Knapp, Thomas R.	340.00
Lake, Robert A.	25.60
Lary, Benjamin E., Jr.	97.60
Lee, Robert E.	212.80
Liennmann, Lee Roy D.	139.89
Lopert, Robert C.	304.80
Lucier, Robert L.	341.69
Lukshis, Edward R.	340.79
Lundy, John O.	72.80
McCarty, Michael	148.80
McDaniel, Dale Z.	234.96
McQueen, Russell O.	161.60
Magasis, Arthur	175.04
Martin, Alex	212.80
Mayo, Van S.	104.80
Morris, Paul W.	378.20
Norton, Walter T., II	97.60
Oakley, Gerald E.	243.89
Pratt, William G., Jr.	30.05
Preciado, Ruben H.	107.20
Rice, William G.	112.00
Riley, Merle H., Jr.	91.20
Roberts, Bernard L.	343.83
Rockwell, Duane D.	199.54
Seaglione, Samuel F.	200.53
Selva, Adolph	59.20
Sessions, Alma G.	212.80
Smith, Charles E.	162.92
Steffen, Maynard C.	746.40
Thorpe, Carl O.	277.60
Tucker, George D.	105.44
Tucker, Gordon L.	51.20
Turner, Robert E., Jr.	57.60
Valencia, Albert J.	104.80
Valencia, Robert R.	212.00
Varela, Alfred	817.60
Villarreal, Phillip R.	144.52
Vogus, William D.	52.00
Walker, Jesse J.	86.24
Young, Chester C.	114.11

SEC. 4. No part of the amount appropriated in this Act for the payment of any claim shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with such claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

CIVIL SERVICE RETIREMENT ANNUITY ADJUSTMENT

Mr. YOUNG. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution, House Resolution 471, and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 471

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee

of the Whole House on the State of the Union for the consideration of the bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed two hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the amendments recommended by the Committee on Post Office and Civil Service now printed in the bill. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Texas is recognized for 1 hour.

Mr. YOUNG. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. Brown], and pending which I yield myself such time as I may require.

(Mr. YOUNG asked and was given permission to revise and extend his remarks.)

Mr. YOUNG. Mr. Speaker, House Resolution 471 provides for consideration of H.R. 8469, a bill to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes. The resolution provides an open rule, waiving points of order, with 2 hours of general debate; also, it shall be in order to consider without the intervention of any point of order the amendments recommended by the Committee on Post Office and Civil Service now printed in the bill.

The history of civil service annuity adjustments to meet exploding costs of living has been one of too little and too late. The responsibility rests squarely on the Congress and there is general agreement that this problem requires our most immediate attention.

The unprecedented expansion of our economy is a serious problem to active workers, but in a larger measure has become the mortal enemy of elder citizens who are caught between rising prices and fixed incomes. The impact on these senior citizens is far more critical than it is on any other segment of our economy.

The purpose of H.R. 8469 is to provide equitable, moderate, and desperately needed adjustments in the annuities of Federal civil service retirees and survivors currently on the annuity rolls, to improve the existing cost-of-living adjustment principle by gearing it to a more sensitive monthly price index indicator, and to increase the survivorship protection of spouses of employees and future annuitants.

Mr. Speaker, I urge the adoption of House Resolution 471.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, would the gentleman state why points of order are waived on this bill?

Mr. YOUNG. Mr. Speaker, the points of order are waived on the bill because it involves certain appropriated funds that are being disbursed under the bill.

Mr. GROSS. In other words, under this rule the House is not able to work its will on this legislation to the extent that points of order are ruled out?

Mr. YOUNG. That is a matter of a point of view, of course, Mr. Speaker. I will say to the gentleman, in one sense waiving points of order permits a broader exercise of the will of the House.

Mr. GROSS. I cannot conceive that it does, I will say to the gentleman from Texas. When points of order are waived on a bill of this nature, to provide for the handling of money in a way that is not in conformance with the rules of the House, I would think it would be restricting the ability of the House to legislate in a normal and regular way.

I thought that when the Rules Committee was packed we were supposed to get a different deal from the Rules Committee, but apparently not.

Mr. SMITH of California. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from California.

Mr. SMITH of California. Actually, we waived points of order on this because a certain amount of the money will be paid from funds in the civil service retirement fund. We will be able to use that money without having to go through the Appropriations Committee and appropriating all the money. That is why there is to be a transfer of money from that fund, so it can be used without having it all appropriated. I believe we have in here up to \$148.4 million. That is the reason, I say to the gentleman from Iowa.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Missouri.

Mr. HALL. Would the gentleman specifically say that it is the language on page 2, lines 3 to 8 of the bill, H.R. 8469, which requires the waiver of all points of order? In that paragraph it says:

And for payment of administrative expenses incurred by the Commission.

Mr. YOUNG. Mr. Speaker, I will defer to the gentlemen of the committee, since this is a substantive matter.

Mr. DANIELS. The answer is "Yes" on subsection (b) on page 2. The other relates to section 3, which provides that these increases be paid from the retirement fund notwithstanding the limitation of the Independent Offices Appropriation Act, 1959.

Mr. HALL. If the gentleman will yield further, will the distinguished subcommittee chairman advise me whether the payment of administrative expenses incurred by the Commission involves the increased annuities to the civil service retirees, or whether that is simply the administrative expenses of the Commission?

Mr. DANIELS. It is my understanding that it is the expense of the Com-

mission and does not involve any increase in the costs for the retirees.

Mr. HALL. That would not involve the \$148 million coming out of the civil service retirement fund, referred to by the gentlemen from California?

Mr. DANIELS. That is correct.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Iowa.

Mr. GROSS. Where is this fund the gentleman is talking about? I thought that was \$36 to \$38 billion in the red.

Mr. DANIELS. I understand that the fund has \$12 billion in cash assets at the present time.

Mr. GROSS. And it is still \$36 billion in the red?

Mr. DANIELS. If the Government does not make its annual contribution to the fund, then there is a deficiency.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

I favor this resolution and the passage of the bill, which would increase the compensation paid to civil service annuitants, to those who have retired both before 1956 and since.

We have seen here in the Congress throughout the years a steady inflationary trend as result of our Federal Government engaging in deficit financing. This policy has increased the cost of living for all our citizens; it particularly hurts those people who have been living on fixed retirement benefits.

We have seen Congress increase the pay of many Government employees, including its own Members. I voted against the pay increase for myself, because I did not believe it was a proper thing to vote to increase my own pay, but Congress saw fit to increase the pay of its Members and other executive and high-ranking officials of Government, as well as employees of Government both in the civil service branches and in the Post Office Department.

We have seen the Congress enact legislation to increase by 7 percent the benefits paid to social security annuitants because it was necessary to give them that large an increase to meet the increase in the cost of living.

They have to eat the same as the rest of us. We have seen this House pass a bill to increase the pay not once but three times for those serving in the Armed Forces. It is only fair and only right that the Congress give to these retirees the same treatment and consideration that we have given to ourselves and almost every other Government employee.

Therefore, Mr. Speaker, I favor this bill.

I understand that the cost will be somewhere around \$90.4 million a year. If we include certain increases in benefits for widows and others who are not covered under the original bill but who, like the rest of us, must eat, the cost will be increased by another \$58 million.

There were no minority views filed on the bill; the measure came out of the Committee on Post Office and Civil Service with a unanimous vote. It was cleared by the Committee on Rules by a unanimous vote, and I hope that the

House will approve the measure in the same way.

Mr. Speaker, I reserve the balance of my time.

Mr. YOUNG. Mr. Speaker, I yield to the gentleman from New York [Mr. SCHEUER] for 1 minute for the purpose of making a unanimous-consent request.

(Mr. SCHEUER asked and was given permission to speak out of order.)

Mr. SCHEUER. Mr. Speaker, I ask unanimous consent to explain for the record that, just as I voted against the motion to recommit the voting rights bill, I would have voted for approval of the conferees' report had I not been called off the floor on an urgent matter concerning my district. Unfortunately, I underestimated the dispatch, speed, and efficiency with which my colleagues can act on a matter of such high national priority. I have enthusiastically supported the bill throughout this session and would have voted to approve the conferees' report, had I not missed this vote by a few moments.

Mr. YOUNG. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CORRECTION OF SALARY INEQUITIES FOR OVERSEAS TEACHERS

Mr. YOUNG. Mr. Speaker, by Direction of the Committee on Rules and on behalf of my colleague, the gentleman from Mississippi, [WILLIAM M. COLMER], I call up House Resolution 483 and ask for its immediate consideration.

The Clerk read the resolution as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6845) to correct inequities with respect to the basic compensation of teachers and teaching positions under the Defense Department Overseas Teachers Pay and Personnel Practices Act. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except on motion of recommit.

Mr. YOUNG. Mr. Speaker, I yield 30 minutes to the gentleman from Nebraska [Mr. MARTIN], pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 483 makes in order the bill H.R. 6845, to correct inequities with respect to the basic compensation of teachers and teaching positions under the Defense Department Overseas Teachers Pay and Personnel Practices Act. It provides an open rule with 1 hour of general debate.

Mr. Speaker, the situation has become such in the teaching profession in the

Department of Defense overseas that it makes it extremely difficult for the Department to secure teachers for the teaching of dependents' children overseas. This bill would provide that the secretaries of the various services in the Department of Defense have authority to adjust the overseas salaries of teachers in accordance with the average teachers salaries in urban communities in the United States of 100,000 or more.

Mr. Speaker, I urge the adoption of House Resolution 483.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from Texas has just stated to the House the provisions of House Resolution 483. The resolution makes in order the consideration of H.R. 6845. The rule is an open one, calling for 1 hour of debate. I know of no opposition to the rule.

Mr. Speaker, H.R. 6845 seeks to correct an inequity in the wage scale which has had some part in continuing a difficult problem, that of securing and retaining qualified teachers for the schools operated by the Department of Defense, in connection with the overseas military bases of the United States.

In the hearings before the Rules Committee, testimony brought out that while there are indeed other reasons for the problem, lower wage scales than are available in the average urban school system of 100,000 or more population plays a significant part in our securing and retention problem. I should add, Mr. Speaker, that this is true in spite of the fact that the Department of Defense has more applications than it has job openings each year. Many of the schools are located in desirable areas, giving the teacher many opportunities not available in domestic school systems, for trips, study, and vacationing.

H.R. 6845 will require that the salaries paid teachers in the DOD overseas schools be equal to the average of the minimum, intermediate, and maximum rates paid teachers holding positions of comparable responsibility in our urban schools systems in cities of 100,000 or more population. The estimated cost of increasing teachers' salaries is \$3,065,000 over the present budgetary amounts for such salaries. The average increase for approximately 6,300 teachers is \$785 per year, or \$300 more than the budget request.

Mr. Speaker, increased pay alone will not secure and retain qualified teachers for the children of our servicemen in foreign lands. Such positions, as I said, have other benefits not available to teachers in domestic school systems. A full and complete study must be made if the problem is to be removed. The Committee on Education and Labor has looked into this situation. I hope it will intensify its efforts. I understand it plans to do so. I hope that we shall shortly see on the floor of the House legislation directed at this problem.

Mr. Speaker, I know of no opposition to the rule and I reserve the balance of my time.

Mr. YOUNG. Mr. Speaker, I yield such time as he may require to the distinguished gentleman from Arkansas [Mr. MILLS].

(Mr. MILLS asked and was given permission to revise and extend his remarks and to proceed out of order.)

FEDERAL TAX COURT JUDGE RUSSELL TRAIN RESIGNS BENCH TO HEAD CONSERVATION GROUP

Mr. MILLS. Mr. Speaker, just a few days ago the resignation of the Honorable Russell E. Train as a judge of the U.S. Tax Court was announced by the White House, and simultaneously an announcement was issued stating that Judge Train has accepted the presidency of the Conservation Foundation effective August 1.

The resignation of Judge Train from the Tax Court of the United States will be a loss to that institution. Judge Train has participated, since his appointment to that court by President Eisenhower in 1957, in many hundreds of important decisions and in his capacity as a judge has been an important influence on the course of the development of tax law through judicial decisions. I regret that Judge Train decided to leave the court because he brought to bear on that institution a rich background which peculiarly suited him for service on the court.

Judge Train, immediately before his appointment to the Tax Court, served as assistant to the Secretary of the Treasury for tax legislation. Prior to his service in that capacity, he served as the clerk of the Committee on Ways and Means during the formulation of the Internal Revenue Code of 1954 during the 83d Congress and, subsequently, he served as minority adviser from 1954 until 1957. Judge Train also had experience prior to his service with the Committee on Ways and Means as a staff member of the Joint Committee on Internal Revenue Taxation. This combined background enabled Judge Train to make important contributions to the public interest through his service as a judge on the U.S. Tax Court. I know that his presence there will be missed by his colleagues and by the members of the Tax Court bar.

I do want to take this opportunity, while expressing my regret that he decided to resign from the Tax Court, to express to him best wishes on the very important position which he has accepted as the president of the Conservation Foundation. I understand that organization has performed functions of a very valuable nature in the field of population growth, water resources, air and water pollution, recreation planning, conservation education and plant and animal life, and that it is one of the foremost of many volunteer organizations which have interested themselves in the increasingly important problem in this day and age of preserving our diminishing natural resources. I know that Judge Train will provide a sound and constructive and imaginative leadership to the work of that organization and its allied groups. I wish him well in his new endeavor.

Mr. YOUNG. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Wisconsin [Mr. BYRNES].

(Mr. BYRNES of Wisconsin asked and was given permission to speak out of order.)

Mr. BYRNES of Wisconsin. Mr. Speaker, I noted with some regret the resignation of Judge Russell E. Train as a judge of the Tax Court of the United States. During the past 9 years, Judge Train has made a great contribution to that court. He will be missed. However, I am glad that he is taking over the presidency of the Conservation Foundation, and will continue his good work in the service of the Nation.

Prior to his appointment as a judge of the Tax Court, Judge Train served as assistant to the Secretary of the Treasury for tax legislation and with the Ways and Means Committee. He was clerk of the committee in the 83d Congress and minority counsel in the 84th Congress. In that capacity, he made valuable contributions in the work of the committee. I am certain that all the members of the committee join me in wishing him happiness and success as president of the Conservation Foundation.

CIVIL SERVICE RETIREMENT ANNUITY ADJUSTMENT

Mr. YOUNG. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore (Mr. SISK). The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. DANIELS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8469 with Mr. STRATTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from New Jersey [Mr. DANIELS] will be recognized for 1 hour and the gentleman from Pennsylvania [Mr. CORBETT] will be recognized for 1 hour.

The Chair now recognizes the gentleman from New Jersey [Mr. DANIELS].

Mr. DANIELS. Mr. Chairman, I yield myself such time as I may consume.

(Mr. DANIELS asked and was given permission to revise and extend his remarks.)

Mr. DANIELS. Mr. Chairman, the purpose of H.R. 8469 is to provide equitable, moderate, and desperately needed adjustments in the annuities of Federal civil service retirees and survivors currently on the annuity rolls, to improve the existing cost-of-living adjustment

principle by gearing it to a more sensitive monthly price index indicator, and to increase the survivorship protection of spouses of employees and future annuitants.

H.R. 8469 was unanimously reported by the Subcommittee on Retirement, Insurance, and Health Benefits, and the full Committee on Post Office and Civil Service without a dissenting vote.

Mr. Chairman, I have always felt that the U.S. Government—the largest employer in the United States—should serve as a model for all employers in the private sphere of our economy. Unhappily, this has for the most part not been the case. And in no area has the Congress been slower to act than in those areas that deal with the retired civil servant. Granted that we have made important steps in the last few years, but we still have a long way to go.

We are all sharply aware, I am sure, that the vast expansion of our economy is a serious problem to active workers. Are we as well aware, however, of the extent of its effect upon our own Federal retirees? Are we as cognizant of its repercussion upon widows and children of retirees and former employees that inevitably feel the squeeze of steadily rising living costs and fixed, meager income? A serious problem to workers, it has in a large measure become the mortal enemy of elder citizens. I submit—without fear of contradiction—that its impact on these senior citizens is far more critical than it is in any other sector of our modern economy.

In times past, our civil service retirees have earned fair and decent retirement incomes for themselves and their dependent survivors. Unfortunately, however, too often they do not receive such incomes. They have truly become the forgotten people in our Great Society, and particularly in relation to their friends and former colleagues who make up our family of Federal employees.

At a time when \$3,000 is deemed to be the borderline below which a couple is in the poverty class, the record shows that more than 75 percent of retired Federal employees are receiving annuities of less than \$3,000. The figures with respect to survivor annuitants is even more shocking. Only 1 percent receive annuities of \$3,000 and about 80 percent receive benefits of less than \$1,200. These conditions are the result of a decade of neglect of the welfare of older retirees and survivors.

These are the people of whom I speak today—nearly 700,000, a vast majority of whom have been consigned to lives of marginal survival on the fringes of poverty—innocent victims rather than beneficiaries of this country's expanding economy. If any one group in our society has been denied justice, it is those older retired persons who reached retirement age 10 or 20 years ago and whose annuities, based on the smaller salary bases in effect then, are literal pittances in the light of present day standards.

A further examination of the records discloses that 44 percent of these retirees are receiving less than \$1,800 a year. Even more astounding is the fact that 26 percent are paid less than \$1,200, and

that 10 percent are receiving less than \$600 a year. The plight of many of our retirees is literally at the point of desperation, and the record is replete with authoritative testimony which clearly points to the urgent need for immediate remedial action. The committee files contain thousands of letters from retirees and survivors who are existing at a marginal level because the purchasing value of the dollar is declining. Mr. Chairman, these letters cry out for an answer—an answer today.

This legislation is an effort to help equalize inherent disparities of existing laws. It is a long overdue attempt to restore some sense of fairness and basic justice to thousands of loyal and devoted public servants whose golden years have, for too long, been tarnished by the neglect of a busy, growing and prosperous society. It is my conviction that the Government has the responsibility to maintain the annuities of its retirees and survivors at a level that will give them a living comparable to what they had and rightfully expect to have at the time of retirement.

Mr. Chairman, the reported bill provides fair, moderate and desperately needed adjustments designed to increase the annuities where the greatest relief is warranted. It is the product of voluminous testimony received by the subcommittee during extensive hearings, in which over 50 Members of the House and Senate appeared, in addition to representatives of every major employee organization. It provides for an adjustment in benefits of approximately 11 percent to those whose annuities commenced on or before October 1, 1956, and approximately 6 percent to those whose benefits commenced thereafter, effective the first day of the third month after enactment of this bill.

The increase is in two parts: The first part is a straight 6½ percent increase. The second part is a cost-of-living increase based upon the rise in the cost of living as reported by the Consumer Price Index published monthly by the Bureau of Labor Statistics, over the average of the price index for 1962. The price index in June 1965 had risen 4½ percent since 1962.

I might, at this point, anticipate a question which many Members may have. On page 3 of the report on this bill it states that the increases in annuity total 10.2 percent for those whose annuities commenced before October 1, 1956, and 5.2 percent for those whose annuities commenced after that date. The actual figures now are 11 percent and 6 percent, respectively. The difference between the actual current figures and those printed in the report comes about because of a rise of eight-tenths of 1 percent in the cost of living since the bill was reported by the full committee. This trend in the rising cost of living is indicative of the urgent need for enactment of this legislation.

The 6-percent rise for those whose annuities commenced after October 1, 1956, is arrived at by combining a 1½-percent increase with a 4½-percent cost-of-living adjustment.

Mr. Chairman, I might explain at this

time why we have chosen to distinguish between those who retired before the 1956 date and those who retired later.

The 1956 amendments raised the annuities of those who retired after September 1956 by about 20 percent. These amendments, however, did nothing for those who retired before that date. Since that time, the pre-1956 group have received about 10 percent more in the form of increases than those who retired after the 1956 date. Thus, we have made some progress in closing the gap between the two groups. This bill narrows the gap even more.

Mr. Chairman, I call your attention to line 5 of page 3 of the bill. The sentence which begins at this point grants an increase of 15 percent or \$10, whichever is least, to the so-called forgotten widows. These are the widows of employees or annuitants who passed away at a time when widows were not entitled to survivorship benefits.

At present, these annuities which in law are really gratuities, are, for the most part, pitifully small, averaging about \$44 per month. No one can deny that there is a desperate need for us to do something for these singularly deserving individuals.

One of the most salient facts brought out during hearings was the fact that the cost-of-living feature for annuities contained in the 1962 bill is not working out very well.

This provision provides that whenever the Consumer Price Index of the Bureau of Labor Statistics shall have risen by an average of 3 percent or more for a full calendar year above its average for the calendar year 1962, annuitants shall receive a comparable increase effective April 1 of the next year.

It also projects into the future with provision for similar cost-of-living adjustments when a like percentage increase in the Consumer Price Index occurs after any cost-of-living increase in annuities is placed in effect.

As a practical matter, here is what has happened since 1962. The rise in the Consumer Price Index over 1962 reached 3 percent in November 1964, and has remained at that point or above ever since. In fact the latest available index shows a 4½-percent increase as of June 1965. Under the formula in the 1962 retirement amendments, annuitants will not receive an adjustment until April 1, 1966—3 years and 6 months after the 1962 law was enacted.

For this reason we are seeking to change this provision. Under the provisions of H.R. 8469, whenever the Consumer Price Index of the Bureau of Labor Statistics shall have risen by an average of 3 percent or more for 3 consecutive months, annuities shall be increased by the highest percentage during such 3 months with the increases beginning the third month which begins after the end of such 3-month period. This provision will retain the spirit of the 1962 amendments but will accelerate the effective application of the cost-of-living feature.

The language beginning with line 12 on page 4 and ending with line 15 on page 5 extends the effect of the basic annuity

adjustment provisions proportionately to surviving widows and children.

Mr. Chairman, the bill proposes to amend existing law, from the date of enactment, to provide that the annuities of eligible widows of employees who die while actively employed, or who die after retirement, be computed at the rate of 60 percent of the earned annuity or of the survivor base elected by the retiree. Existing law provides that such computation be at the rate of 55 percent of the earned annuity or selected base.

By proposing to increase the annuity of future survivors under our retirement laws from 55 percent of the annuity to 60 percent, we are making a pitifully small attempt to maintain some semblance of equity and justice for very deserving people.

The Government was late—as late as 1920—in getting around to doing anything at all about a retirement program for its employees. Almost every private industry in the country had a retirement program in operation when the Government finally found time to follow suit.

The treatment of survivors of employees and retirees has been even more tardy. Not until 1948 did the Government embark upon a program of providing benefits to widows and children of its employees. The benefits provided then, and subsequently, have been parsimonious in the extreme.

Under the present laws, for instance, 38 percent of all the survivors on the rolls—and there are more than 200,000 of them—are receiving less than \$50 a month. Seventy-nine percent are receiving less than \$100 a month. Ninety-three percent are getting less than \$150 a month.

With full knowledge of the depressing history of insensitive treatment of the survivors of Federal retirees in the past, we are, in this bill, trying to avoid some of the mistakes that have been made. We can make a start toward doing this by increasing the annuity rate for survivors from 55 to 60 percent.

I want to make it clear that although there are several categories of survivors in our retirement plan, we are talking here, for the most part, about widows. By far, the greatest percentage of our survivors consists of widows of former employees.

I do not completely subscribe to the theory, Mr. Chairman, that two can live as cheaply as one, but there is a great deal of solid truth to the saying as far as it applies to elderly retired couples. They have certain fixed expenses: rent or mortgage payments, taxes, and so forth, and these fixed expenses go on undiminished after one member of the couple dies. As a matter of fact, the income taxes go up after one dies, since the survivor cannot claim her spouse as a dependent.

The survivor can save a little on food, but not much, since it is proportionately considerably more expensive to shop for one than it is to shop for two. She may also find she can save a little on clothes, but, again, not very much, since elderly couples in straitened circumstances spend very little on self-adornment.

And that is about all the survivor can effect in savings.

Meanwhile, a surviving widow often finds, as she grows older, that there are other expenses to be met which she did not experience when her husband was alive. She finds herself increasingly unable to take care of herself properly without some kind of help. Help costs money. She finds herself becoming more and more dependent upon her doctor and his prescriptions. These, too, cost money. She finds that she must use public transportation for distances which she used to be able to walk. This also costs money. When you are old, and alone, and a woman, the simple business of keeping body and soul together becomes increasingly expensive.

Under the present 55-percent provision, many widows find they cannot make ends meet, no matter how hard they try. This has led too many of them to panic into hasty, ill-advised remarriages, solely to have someone share the crushing burden of poverty with them. This has caused, in far too many cases, heartbreak and misery during those sunset years when all should be serene and secure.

Mr. Chairman, just because we have treated the widows and other survivors of our Federal employees inadequately in the past, there is no justification for accepting this state of affairs as a way of life and a precedent for our future course.

Even with the increased pensions provided for under this bill, the annuities will not be generous. The value of the dollar—which has been constantly changing, and changing downward, ever since 1895—except for a few years in the great depression—continues to move downward. Unless we increase the percentage of the survivor annuities from 55 to 60 percent, we shall be condemning a whole generation of widows to a life of penury, misery, and insecurity.

We can avoid this course, to a certain extent, by increasing the percentage for the annuities of future widows from 55 to 60. This is a first step. I hope that future Congresses will continue the good work and build on this foundation a pension program for survivors that will be worthy of the Government of the greatest and richest Nation on the face of the earth.

Section 3 of the bill is technical in nature and authorizes payment of the annuity increases from the Civil Service Retirement and Disability Fund. The benefits would not be payable unless funds to cover their cost were appropriated.

Mr. Chairman, the conclusion is inescapable that the vast bulk of annuities now being paid are inadequate, that altogether too large a proportion of our annuitants are not receiving amounts which represent a minimum subsistence level of living. Meanwhile, these annuitants wait and look to us, the Congress, to act.

It has been said many times, but can never be said often enough, that Government has an absolute obligation to its retired workers. That obligation rests squarely, I believe, on the Congress. The past history of delays and inadequate

adjustments should not be repeated. Let us start with the simple principle that this Nation has no intention of permitting further deterioration of the relative position of its annuitants. Let our goal be that these senior citizens, whose work laid the foundations of the prosperity the country now enjoys, should not be deprived of a just share in that prosperity.

Mr. Chairman, I urge the full support of this body for H.R. 8469.

Mr. MORRISON. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I yield to the gentleman from Louisiana.

Mr. MORRISON. Mr. Chairman, I want to commend the gentleman, who is chairman of the subcommittee that spent a great deal of time and effort on this legislation, and the other members of the subcommittee. As one of those who voted to support this legislation in the full committee. I certainly support it on the floor of the House today.

I think the gentleman and his committee have done a very excellent and outstanding job.

Mr. DANIELS. I thank the gentleman.

Mr. RACE. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I yield to the gentleman.

Mr. RACE. Mr. Chairman, I rise in support of the legislation and I also want to commend the gentleman in the well who is chairman of the subcommittee on retirement, insurance, and health benefits for bringing this legislation before us.

Mr. DANIELS. I thank my colleague.

Mr. OLSEN of Montana. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I yield to the gentleman from Montana.

Mr. OLSEN of Montana. I wish to compliment the gentleman from New Jersey, now in the well, and the subcommittee on retirement for an excellent job on this bill and this legislation for the benefit especially of the survivors of annuitants of the Federal retirement system. I subscribe to his remarks and rise in support of the bill.

I note that especial attention has been given to the forgotten widows and to retirees who were getting and are getting a great deal less than a subsistence level of income.

I am happy to note they are to be given an increase—at about \$10 per month.

Mr. DANIELS. At least that much.

Mr. OLSEN of Montana. Regardless of percentage, there has been an increase in the retirement for all retirees in general, and the gap between benefits has been closed.

I notice in the second section of the bill—which I believe is justly done—there is an increase in percentage that future survivors may receive of a future retiree's annuity. It has been increased to 60 percent.

Mr. DANIELS. The base is increased from 55 to 60 percent.

Mr. OLSEN of Montana. I believe this is well merited. I would hope that in the future attention could be given to increasing the amount that older sur-

vivors of annuitants might receive by, say, 20 percent.

Mr. Chairman, while the committee bill would increase the amounts of all annuities, the bill does not go as far as I would like. I supported the bill in committee, but I believe these widows should be treated a little better than they have in the past. I sponsored six bills providing better treatment for these survivors, all of which are before our Committee on Post Office and Civil Service. H.R. 2645 would apply the 55-percent formula to annuities of survivors of a retired employee who retired prior to October 11, 1962. This bill would have required a recomputation of the annuities of these people. The administration objected to this requirement on the basis that it would be too difficult to administer. I hope in the near future your committee will overcome this difficulty by not requiring recomputations, but will provide a straight 20-percent increase in annuities for these survivors whose annuity is based on service which terminated prior to October 11, 1962.

Another bill I sponsored, H.R. 9, would increase the 55-percent formula to 75 percent.

I believe additional benefits for these survivors are fully justified.

Mr. Chairman, my attentions are directed to the extraordinary inequities in the case of survivors, but more particularly to the "forgotten widows."

This latter group are surviving widows of employees or annuitants who passed away at a time when their widows were entitled to no survivor benefits. Congress recognized that special inequities existed for this class, and under various laws about 15,000 widows are receiving an annuity averaging \$44 a month.

I hope that in the near future we can provide an increase of 20 percent in widows' annuities which are based on laws in effect prior to October 11, 1962, and will be in addition to the increases otherwise provided in this bill. Thus, the average \$44 monthly widow's annuity for the 15,000 widows will be increased 15 percent under this bill, or by \$6.60, and then by 20 percent of the new total, or a new monthly annuity of about \$61.

Of course, many of the survivors affected by these sections are receiving amounts in excess of \$44. However, I am sure you will agree that this is a most modest increase.

Mr. Chairman, as I have indicated, we have granted only token annuities to "forgotten widows" of pre-1948 laws. In addition, employees who retired before 1956 are still suffering annuity reductions up to 25 percent in order to provide survivor benefits for their spouses, while persons retiring more recently may provide similar benefits by deductions of only 2½ percent.

Survivors of former employees who retired before October 11, 1962, cannot receive more than half of the annuities paid to their spouses, but in the case of those who retired on or after that date, survivor annuities are 10 percent higher.

H.R. 8469, the committee bill, proposes to correct this deficiency, but only for those who retire after the date of enact-

ment. I believe we should give our widows equal treatment and not just provide these benefits for the future, as is provided by the bill.

My first proposal will do this by providing an additional 20-percent increase for those whose annuities are based on service which terminated prior to October 11, 1962, and another proposal which I make covers those whose annuity is based on service which terminated on or after October 11, 1962.

Federal civil retirees and their survivors are truly the forgotten people in the United States. At a time when \$3,000 is deemed to be the borderline below which a couple is in the poverty class, the records of the Civil Service Commission show that more than 75 percent of the 482,000 retired Federal employees on the retirement rolls are receiving annuities of less than \$3,000.

The figures with respect to survivor annuitants are even more shocking. Of 205,855 survivor annuitants, only 2,237, about 1 percent, receive annuities of \$3,000, and 163,274, about 80 percent, receive annuities less than \$1,200, or under \$100 per month.

As I have indicated, the forgotten widows receive an average of only \$44 a month. Naturally, any increase involving approximately 200,000 survivors is bound to cost a substantial sum. The best estimate I could obtain on the cost of my first proposal is \$31 million for the first year.

As you no doubt know, the administration has taken the position on all retirement legislation that we should wait until they complete their studies sometime at the end of the year. Also, they say there is neither need nor justification for any further annuity increase legislation beyond that already enacted into law. It is a little hard for me to understand this position, particularly when, as I have shown, 15,000 survivors are receiving an average of \$44 a month. We could also go on to show that over 200,000 annuitants are receiving well under \$3,000 a year, and over 163,000 are receiving under \$1,200 a year.

I am sure you will agree that it is time we did a little more to help these survivors, and that the cost is amply justified.

Mr. Chairman, I urge the membership today to support this bill and I hope we can soon take up my additional proposals.

Further, I urge that soon the Committee and the Congress apply the 60-percent formula proposed by section 2 of the committee bill to those survivors whose annuity is based on service which terminated on or after October 11, 1962.

Section 2 of the committee bill applies the 60-percent formula prospectively only, and specifically provides that it shall not apply with respect to employees retired or separated prior to the date of enactment.

Existing law provides that such computation be at the rate of 55 percent of the earned annuity. This percentage originally was provided by the 1962 act, Public Law 87-793. I supported a higher increase at that time, and believe that the 60-percent formula now proposed by the committee bill should be applied

from October 11, 1962. As I indicated earlier, my bill, H.R. 9, proposed to increase the 55 to 75 percent.

Mr. Chairman, all the arguments I have advanced in connection with my first proposal are equally for application to this. As in the former case, the administration, of course, does not favor this additional increase, but here again, I am convinced that any increases or additional benefits that we may authorize for these survivors is amply justified and this proposal would bring uniformity and justice.

The cost of this latter proposal is estimated at only \$2 million for the first year.

I urge that you support this amendment.

Mr. DANIELS. Mr. Chairman, I might say to the distinguished gentleman from Montana that the President has appointed a commission to study the entire field of retirement legislation. That Commission is due to come in with its report on December 1, 1965. I want to assure the gentleman from Montana that when that report is received our committee will give careful consideration and study to it and look into this question of retirement legislation once again. I am sure there must be some other inequities which exist which we have not had the opportunity to explore, but I do give you my assurance that our committee will look into that proposal once again.

Mr. OLSEN of Montana. Mr. Chairman, I certainly appreciate that assurance and know that you share with me anxiety over these people, because people who retired many years ago had to pay out of their own retirement a considerable percentage of the money in order to obtain the right of benefit for their survivors. I would like to see those survivors whose retirees paid a large percentage of these benefits get substantial increases. I am sure they will, because we have talked of this matter off the floor privately ourselves.

(Mr. BECKWORTH (at the request of Mr. OLSEN of Montana) was given permission to extend his remarks at this point in the RECORD.)

Mr. BECKWORTH. Mr. Chairman, Texas has nearly 30,000 Federal retirees and survivors, and we know their plight in these days of inflation.

H.R. 8469 and its amendments will in some degree correct conditions for these folks who carried the workload of our Government for 30 to 40 years and who are now plagued by high costs and low annuities.

Federal civil retirees and their survivors are truly the forgotten people in the United States today. At a time the sum of \$3,000 does not go very far when a retired couple confronts the usual health problems, the records of the Civil Service Commission show that more than 75 percent of the 482,131 retired Federal employees on the retirement rolls are receiving annuities of less than \$3,000. The figures with respect to survivor annuitants are even more shocking. Of 205,855 survivor annuitants, only 2,237, about 1 percent, receive annuities of \$3,000, and 163,274, about 80 percent, receive annui-

ties less than \$1,200, or under \$100 per month.

These conditions are the result of neglect of the welfare of older retirees and survivors. There have been many revisions of the retirement laws since the system was established in 1920, all because of experience that demonstrated that liberalizations were necessary. Basic retirements benefits were liberalized in 1926, 1930, 1942, 1948, and 1956. It was recognized during the early years that when it was necessary to increase benefits for those who would retire in the future, it was equally necessary to increase the annuities of those previously retired. Those who would retire in the future would have the opportunity of salary increases to boost their retirement annuities while those previously retired were seriously handicapped financially. Consequently, we see that in the retirement increase legislation approved in 1926, 1930, 1942, and 1948, comparable adjustments were not made in the annuities of persons previously retired to equalize them generally with the new retirees. There was no comparable provision in the 1956 law.

Furthermore, in the first part of the decade between 1950 and 1960, annuity increases were approved to match increases in salaries of employees. The annuity increase of \$36 for each half year the employee had been on the retirement rolls in 1952 was roughly equivalent to a salary increase the previous year. An annuity increase of 12 percent on the first \$1,500, and 8 percent on the excess over \$1,500 in 1955, was directly related to the salary increase in that year. Since 1955, there have been no annuity increases to match salary increases.

A limited annuity increase of 10 percent was approved in 1958, only for persons retired before the effective date of the 1956 retirement liberalization law. This was not a general annuity increase because it was restricted to a particular class of annuitants. It was a partial compensation to pre-1956 retirees who did not receive the benefits of the 1956 act. We can judge its sufficiency by the statement of the Chairman of the Civil Service Commission on the first day of the committee hearings in March of this year that the 1956 act increased benefits for retirees retiring after October 1, 1956, approximately 25 percent, while the 1958 compensating adjustment was only 10 percent.

In round figures this leaves older retirees 10 percent behind and others proportionately.

H.R. 8469 is a compromise of many bills introduced in this Congress. I urge passage of H.R. 8469.

(Mr. MILLER (at the request of Mr. OLSEN of Montana) was given permission to extend his remarks at this point in the RECORD.)

Mr. MILLER. Mr. Chairman, I rise to support H.R. 8469.

Over the past years, the annuities paid to our retired civil servants have failed to provide a comfortable existence for them. Although we have attempted to provide salaries for Government employees which have kept abreast of the increasing cost of living, we have been

falling behind in keeping the retirement payments in the same proportion. In addition, we have failed to make substantial compensation for those civil servants whose retirement or survivor benefits are based on wages earned when the cost of living was far below what we enjoy today. As a result, over 75 percent of our retired civil servants are receiving annual payments of less than \$3,000, thus placing them in the poverty bracket by our economic standards for today.

Previous legislation has attempted to alleviate the effects of inflation on the annuities of Government employees, but this only has succeeded in providing patchwork remedies. Two major changes occurred in 1948 and 1956. These have either become ineffective due to a lapse of time or have not provided overall improvement of the situation. There have been no annuity increases to match salary increases since 1955. In 1962, legislation was enacted which provided payment increases based on a 3-percent or more rise in the cost of living from the 1962 average. However, these increases are only calculated on a yearly basis. Annuitants would not receive their first increase provided in the 1962 act until April of 1966.

The bill before the House is not patchwork legislation. It is a comprehensive bill which provides for the future and compensates those who have received inadequate payments in the past. It provides for the future by increasing every annuity in equal proportion to the increase in the cost of living, with fluctuations to be calculated quarterly instead of annually. These increases will occur whenever the Consumer Price Index figures rise to 3 percent or more of the base period. Three months from the time of enactment, annuitants or their survivors would receive their first increase in payments based on a near 4 percent rise in the cost of living since 1962. The bill also provides for increasing the survivor annuities from 55 to 60 percent in the case of future retirees.

The bill compensates for past inadequacies in several provisions. First, by providing an additional 1.5 percent increase for all persons retired after October 1, 1956. Second, by providing compensation for those widows whose husbands passed away before survivor protection was afforded in 1948, and who are only receiving an average of \$44 per month under present conditions.

But most important, H.R. 8469 recognizes that the greatest inadequacies are to be found among those who retired before 1956. Annuities are based on the average of the 5 highest income years. The cost of living has increased over 18 percent since that time. Therefore, the pre-1956 annuities could not possibly be adequate in today's living standards. In addition, these retirees have gained only minimally from recent legislation. At the same time, the elderly age of these people imposes tremendous medical expenses on them. H.R. 8469 alleviates these lamentable conditions by allotting an additional 6.5 percent increase to the annuities of all persons retired before 1956.

The cost of the program would involve \$50 million initial cost and \$650 million in actuarial costs. These figures are small in comparison to the millions of dollars which have been denied the civil service retirees and survivors over the past years. We are asked to wait for further studies and for time to find justifications for such expenditures in the budget. We must not waste time on further studies. The facts we have before us today clearly indicate the inadequacy of the present conditions. What more justification is needed than the dire need of these retired civil servants, many of whom are classified in the poverty bracket?

We are debating whether or not to provide an opportunity for a comfortable existence in retirement for our fellow public servants who have dedicated themselves to the service of our country, many of them being employed over 40 years. These people are victims of history and a spiraling cost of living. Twenty or thirty years ago, it was impossible to plan for the financial demands that would come with the last half of the 20th century. And yet, under the present superannuated retirement plan, we expect these retirees and their survivors to pay the current taxes, meet the fast-increasing medical expenses, and compete economically with members of private industry retirement plans.

Passage of the bill would have a broad effect in every part of the country. In my own State of California, there are over 70,000 people who would be affected. Its provisions reach both far into the future and deeply into the past. At a time when we are working with the problems of poverty throughout our Nation and at a time when we are able to eliminate taxes on some of our luxury items, we must not lose sight of these retired civil servants who are so often referred to as the forgotten people.

(Mr. ROOSEVELT (at the request of Mr. OLSEN of Montana) was given permission to extend his remarks at this point in the RECORD.)

Mr. ROOSEVELT. Mr. Chairman, I rise in support of H.R. 8469, a bill which provides relief from hardship to those facing the greatest need.

It is my firm conviction that it is the responsibility of the Government to maintain the annuities of its retirees and survivors at a level which will enable them to enjoy freedom from want and a measure of economic security throughout their declining years.

Retirement income should be fairly and directly related to the level of earnings and length of service and, as a practical matter, must be calculated to reflect new standards of living. The real basis of a merit system in retirement cannot be measured by the dollar rate received in a past generation, but must be a rate deliberately reappraised from time to time to meet the rising cost of living.

It is a well-known fact that large numbers of our senior citizens elect to spend their years of retirement in my State of California. In July 1964 the Civil Service Commission ranked California first as having the largest geographical distribution of annuitants. Out of 650,367 an-

nuitants, 70,183 had settled in California. It is in their behalf that I say to you that, while the unprecedented expansion of our economy is a serious problem to many active workers, it is fast becoming an insuperable problem to retired citizens caught between rising prices and fixed incomes.

At a time when \$3,000 is deemed to be the borderline below which a couple is in the poverty class, the records of the Civil Service Commission show that more than 75 percent of the 482,131 retired Federal employees on the retirement rolls receive annuities of less than \$3,000; and, 80 percent of the survivor annuitants receive annuities of less than \$1,200 a year, or under \$100 per month. These conditions are the result of a decade of neglect of the welfare of older retirees and survivors.

The purpose of the legislation before us is to provide much needed adjustment in the annuities of Federal civil service retirees and survivors currently on the annuity rolls by gearing the cost-of-living adjustment principle to a more sensitive monthly price indicator to meet the exploding cost of living; and, provide an increase in the survivorship protection of spouses of employees and future annuitants.

(Mr. SICKLES (at the request of Mr. OLSEN of Montana) was given permission to extend his remarks at this point in the RECORD.)

MR. SICKLES. Mr. Chairman, I am pleased to rise in support of H.R. 8469. The purpose of a pension plan is not simply to pay an employee a set amount of money monthly, but to provide him with a certain amount of financial security after retirement. It is the obligation and duty of the Government to assure Federal employees sufficient retirement income to allow them to maintain an adequate living standard during their retirement years.

Increases in the cost of living present a drawback to most workingmen, but they affect the retired in an even greater sense, in view of the fact that as the cost of living goes up, their income remains stationary. During the hearings on this bill, spokesmen from groups of retired Federal employees stressed the need for immediate passage of legislation increasing retirement pay. Their testimony clearly pointed out the necessity of helping those who live on small, fixed incomes in dealing with the problems presented by the wage and price rises in our economy.

In view of the fact that a married couple with an income below \$3,000 a year is considered to be living in poverty, it has been pointed out that most Federal civil service retirees are getting annuities of a considerably smaller amount and are therefore in the poverty bracket. These retirees and their survivors are clearly a neglected segment of our economy, and I feel that H.R. 8469 would come to their rescue to some degree by providing the increases in annuities where they are most urgently needed.

The bill would also benefit widows of employees who died before a law concerning survivor protection existed. It has also been disclosed that the survivor

benefits currently provided are drastically inadequate and accordingly, H.R. 8469 provides for an increase in these benefits.

The aspect of the 1962 amendments to the retirement act dealing with the automatic cost-of-living adjustment has proven inadequate also and H.R. 8469 provides for a percentage increase in benefits whenever the consumer price index rises. The acceleration of cost-of-living increase provisions, along with other provisions make the bill a much welcomed, long needed asset to our Federal civil service retirees. We in the Congress, out of obligation to our Federal employees who have served our country so faithfully, should not let this opportunity to repay them slip by.

(Mr. SCHMIDHAUSER (at the request of Mr. OLSEN of Montana) was given permission to extend his remarks at this point in the RECORD.)

MR. SCHMIDHAUSER. Mr. Chairman, I urge support of H.R. 8469, a bill to increase annuities of retired civil servants. The time is long past due for a realistic adjustment upward of the retirement annuities of the many civil servants whose dedicated public service has earned the gratitude of the American public. The gentleman from New Jersey, Congressman DANIELS, and the members of the Post Office and Civil Service Committee are to be commended for their fine legislative craftsmanship and their humane understanding of the serious financial problems of our retired civil servants and their survivors.

(Mr. MACHEN (at the request of Mr. OLSEN of Montana) was given permission to extend his remarks at this point in the RECORD.)

MR. MACHEN. Mr. Chairman, this bill to increase civil service retirement annuities is of great interest to me as Representative of the Fifth Congressional District of Maryland. My district, a neighbor of the District of Columbia, is heavily populated with Federal employees. These people have communicated to me their concern for their future after retirement. I have been pleased to tell them that this Congress is cognizant of their needs and is moving along toward enactment of a bill providing substantial increases in retirement annuities.

This Congress has written legislative history by enacting a medical care and social security law that acknowledges the responsibility of a nation to its senior citizens. Can we do any less for those Federal employees who do not have social security benefits? I think not.

This Nation is engaged in a seige on poverty with some of the assaults aimed especially against poverty among the elderly. Congress has passed bills providing housing assistance for low income elderly, for medical care and for a special administration on aging. However, when you get right down to it, the most direct weapon against poverty is increased income.

There is another compelling reason for passage of this bill. A decent level of retirement income will improve the employment situation considerably and open the way for younger men to ad-

vance themselves. This is true because the older workers will be more likely to retire knowing that, instead of having to eke out a living on an inadequate pension, they will be able to better enjoy the fruits of their labor with a feeling of comfort not previously possible under present, below-standard benefits. Unfortunately, at this time, retirement for thousands of people means not a rest from years of labor, but instead the acceptance of a poorly paying job, unsuited to their talents, to supplement a totally insufficient retirement income.

I am particularly pleased by that feature of the bill which provides for closing part of the gap between annuity improvements for pre-1956 retirees and post-1956 retirees. These people are not recipients of charity. They have earned their retirement by contributions throughout their working years. It is not their fault if the cost of living has risen so rapidly. We must recognize that we are not dealing with the same dollar today as before 1956 and those whose incomes were adequate years ago are severely short-changed today.

I hope that these factors and the reasons set forth so forcefully in the excellent committee report on this bill will convince the Congress to move swiftly toward passage of this badly needed legislation.

MR. BROYHILL of Virginia. Mr. Chairman, will the gentleman yield?

MR. DANIELS. I yield to the gentleman from Virginia.

MR. BROYHILL of Virginia. Mr. Chairman, I wish to commend the gentleman from New Jersey for an outstanding job on this legislation.

(Mr. BROYHILL of Virginia asked and was given permission to revise and extend his remarks.)

MR. BROYHILL of Virginia. Mr. Chairman, I strongly support the civil service retirement annuity adjustments before us today and my only criticism of this legislation is that it does not go as far as it should to provide for the needs of our deserving Federal annuitants. Much has been said in recent days in this Chamber and in the press about poverty. According to most of the definitions of poverty that have been proffered, fully 97 percent of the 200,000 survivors of civil service annuitants are poverty stricken, if their entire income is derived from their annuities.

There were a total of about 687,000 civil service annuitants in all categories at the end of fiscal 1964 and fully 75 percent of these annuitants received less than \$3,000 per year. This, I believe, the President has cited as the borderline between barely living and poverty. Shockingly enough, nearly half of these retirees receive less than \$2,400 a year.

One of the main attractions the Federal service has had over the years has been its vaunted retirement system. I submit that this is rapidly becoming a myth. It is rapidly becoming a myth because the Congress has failed to keep faith with those who served our Government and yet have had no control over the cruel inflation that has ensued over the past several years.

It seems that many of our people still assume that anyone who has retired from the Federal service enjoys the best retirement benefits the world has to offer. Perhaps at one time this may have been true. It is certainly a bitter farce today.

I am aware that the President has called for special studies on retirement systems. I am in full accord with this program and applaud it. However, nothing can be done for the civil service annuitant as a result of that study until next year. The need for relief by our retirees is immediate. They need help now.

Therefore, I urge my colleagues to join me in strong support of this measure. Let us begin to fulfill our obligations to the civil service retiree by enacting this bill at once.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I yield to the gentleman from Illinois.

Mr. O'HARA of Illinois. Mr. Chairman, if I have lived long enough to speak for the senior citizens, I would like to say for them, blessed be the name of DANIELS. This is good legislation, long overdue.

Mr. DANIELS. I thank you.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I yield to the member of the committee [Mr. HENDERSON].

(Mr. HENDERSON asked and was given permission to revise and extend his remarks.)

Mr. HENDERSON. Mr. Chairman, I would like to commend the chairman and the members of the subcommittee. This has been somewhat controversial legislation in years past, at least among the members of our subcommittee. To find here today that this subcommittee after many long hours of deliberation brought out a bill unanimously supported by every member of the committee is a tribute to you, Mr. Chairman, and to the members of your subcommittee.

Mr. Chairman, I rise in support of H.R. 8469.

As a member of the Post Office and Civil Service Committee over the past 4½ years, I have seen the Congress adopt the policy of comparability in establishing compensation for our civil employees and tie to this principle cost-of-living increases. In the business world we see cost-of-living escalation clauses written into employment contracts.

I am and have been most concerned about the great number of our retirees who retired 20 or more years ago when basic compensation was so much lower. Although these annuitants have had increases in 1948 or 1950, 1952, 1955, 1958, and 1963, their annuities are still approximately 80 percent below the annuities being received by today's retirees from the same positions.

There are probably today about 30,000 retirees who are receiving only a little more than half the annuities paid to persons recently retired from the same or similar positions.

It costs the 1945 retiree just as much to live as it costs the 1965 retiree.

H.R. 8469 will help to provide the re-

tirees whose service was terminated at a time when salaries were lower a better break and I support it strongly for this reason.

Mr. KING of Utah. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I yield to the gentleman from Utah.

(Mr. KING of Utah asked and was given permission to revise and extend his remarks.)

Mr. KING of Utah. Mr. Chairman, I commend the distinguished gentleman from New Jersey for the work he has done in bringing this measure to the floor of the House. I support H.R. 8469, and urge the House to approve it. I think it tragic that the very people who need the help the most, our retirees and senior citizens, are the ones who receive it the least. One of the tragedies of our Federal retirement annuity system is that the recipients of annuity payments are caught in a cost-price squeeze. Their income is fixed, and their expenses go up steadily. The more elderly they become, the less becomes their real income, but the higher become their expenses.

As their medical expenses mount, which they almost invariably do during the declining years, their resources diminish.

This bill attempts, in a small way, to adjust this gross inequity which inflicts itself upon almost 700,000 Federal retirees and their survivors.

The bill accomplishes a fair and a just result. I urge its adoption.

Mr. DULSKI. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I yield to the gentleman from New York.

Mr. DULSKI. Mr. Chairman, I would like to associate myself with the remarks of the other members of our committee and congratulate the chairman of our subcommittee who led H.R. 8469 to reality.

(Mr. DULSKI asked and was given permission to revise and extend his remarks.)

Mr. DULSKI. Mr. Chairman, I rise in wholehearted support of this meritorious and badly needed legislation to help meet the needs of our civil service retirees who, for the most part, are struggling to survive on inadequate pensions.

Now is the time for us to act toward improving the living standards of those dedicated civil servants who have given their best when our Government needed them most. The least we can do here, as a grateful employer, is to help raise our former workers and their survivors out of the depths of poverty into which so many have been allowed to remain far too long.

Since the inception of the retirement system in 1920, the Congress has enacted over 200 amendments, the great bulk of them improving the retirement benefits of prospective retirees. As desirable as these improvements have been, they have been seldom applicable to persons previously retired. I am fully aware that Congress has improved conditions, to some extent, for those already retired,

but I am equally aware that many sad disparities remained. Let us correct some of these disparities by giving them some help now.

In the last several Congresses we made salary adjustments for Federal employees and military personnel. At the present time we are considering additional adjustments for these same groups. Are we now going to overlook the people who carried the burden of Government for many years?

Almost a half-million civil service retirees are receiving annuities averaging approximately \$2,200 per year. Over 200,000 widows and children of former Federal employees and retirees are receiving approximately \$800 yearly in survivor benefits. This pathetic situation exists with almost three-quarters of a million beneficiaries of our retirement program at a time when the badge of the impoverished has been affixed to Americans with annual incomes of less than \$3,000. The Government has too long contributed to the very poverty it seeks to eliminate by permitting Federal retirees and survivors to live on inadequate incomes.

These victims of our rapidly expanding economy have but one place to look to for relief—that is, to us, the Congress. H.R. 8469 is a partial remedy, modest as it is, but at least an antidote that is readily available and directly accessible to their needs. I know that Members of Congress are greatly concerned over these inadequate pensions. I urge you all to express that concern by overwhelmingly supporting this measure.

Mr. CORBETT. Mr. Chairman, I yield such time as he may require to the gentleman from Nebraska [Mr. CUNNINGHAM], who is the capable ranking member of the subcommittee.

(Mr. CUNNINGHAM asked and was given permission to revise and extend his remarks.)

Mr. CUNNINGHAM. Mr. Chairman, I find myself to be one among many Members of Congress who believe that "justice long delayed is justice denied." I further find that I am also but one among the large majority of Members who believe that the history of civil service annuity adjustments to meet exploding costs of living has been one of too little and too late.

I am one who fully subscribes to the definition of a noted actuary—that the basic purpose of a retirement plan is to enable each employee to enjoy freedom from want and a measure of economic security after he or she is no longer actively employed, and throughout the declining years. To think of a pension plan simply as a promise to pay a stated number of dollars monthly represents a superficial view.

I submit, Mr. Chairman, that the Consumer Price Index fails to fully reveal the plight of these elder citizens who are attempting to maintain themselves and their dependents after years of dedicated public service—years during which their hopes and expectations were continuously built around the concept

that they would be able to retire on a dignified basis, and with enough income to meet their basic needs. With the constant introduction of new products, with the necessity of increasing government at all levels, with the concentration of population in urban areas, and with the necessity for more dollars to maintain our standard of living, the situation of the declining purchasing power of the dollar is not likely to change.

The Consumer Price Index covers prices of everything people buy for living—food, clothing, cars, homes, furnishings, household supplies, fuel, drugs, recreational goods, fees to doctors, lawyers, beauty shops, rent, repair costs, transportation, public utilities, and so forth. It deals with prices actually charged to consumers, including sales, excise, and real estate taxes, but it does not include Federal, State, or municipal income taxes, nor personal property taxes.

The various items are given specific weights, with the total percentage being 100. The health and recreation items which affect retirees greatly, provide 20 percent, and include but 1 percent for drugs; 2½ percent for professional medical services; 3 percent for personal care; 6 percent for reading and recreation; and 5½ percent for other goods and services. It would appear that, in the case of retirees, the medical care item would greatly exceed the allowance made in the index, particularly if the retiree had to spend substantial time in a hospital or nursing home. It is a well-known fact that medical costs have risen more than any other single item in the Consumer Price Index. Medical studies disclose that almost one-third of our citizenry age 65 and older are chronically ill, and that they have twice as many disabling illnesses lasting a week or longer as do persons under age 62. These illnesses of the aged last twice as long as those of younger persons.

In recent years hospital charges have increased over 85 percent, hospital insurance rates over 95 percent; medical services over 40 percent; doctors' fees over 35 percent; and drugs and prescriptions over 10 percent. As these elder citizens require more medical attention, with constantly increasing medical expenses, it is quite obvious that these cost items strike them particularly hard. It is equally obvious that these people are not physically able to evade them or adjust to them, as might a younger person. As important as cost-of-living figures are, the Consumer Price Index does not represent a true reflection of the changes in the cost of living of retirees. Its official name is the "Consumer Price Index for Urban Wage Earners and Clerical Workers," and it is weighted to reflect the costs of a wage-earning family, the expenses of which are not representative of the expenses of a retired family. Salaries of active workers have gone up somewhat in relationship to increased living costs, but civil service annuities have not maintained a comparable increase. Our social security program has done better, relatively, for elder citizens in the private segment of our economy during recent years and, as all Members of this House are fully aware, in the past week.

Roughly 40 percent of the retirees and survivors on the annuity rolls are persons whose benefits are based upon pre-1956 law. Their annuities, on the average, would be increased about \$12 per month. The remaining 60 percent, constituting those who enjoy the 1956 retirement improvements, would receive increases, again on the average, of about \$8 per month.

A third category consists of only 6 percent of the entire annuity rolls, and represents about 43,000 elderly widows of employees or annuitants who died at a time when no survivor protection was provided by law. Congress has recognized the special equities of these forgotten widows over the years, and bestowed upon them minimal, gratuitous annuities. Because of the very small size of their annuities, averaging only \$44 per month, the committee recommends a slightly larger increase than the percentages otherwise provided. In view of these particular recipients' monthly benefits, an average adjustment of 15 percent would increase their annuities to about \$50 per month.

Mr. Chairman, H.R. 8469 is a measure that has been developed after prodigiously careful and meticulous resolution of all of the merits and factors concerned. It was unanimously reported by the Subcommittee on Retirement, Insurance, and Health Benefits, and the full Committee on Post Office and Civil Service without a dissenting vote. It is an inescapable fact, Mr. Chairman, that we cannot remake the past. We cannot alter the evidence that the vast bulk of annuities now being paid are inadequate. However, Mr. Chairman, we propose here today a partial remedy that is immediately available, and the access to which is direct.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. CUNNINGHAM. I yield.

Mr. TEAGUE of California. Mr. Chairman, I asked the gentleman to yield simply for the purpose of expressing my appreciation to the subcommittee and to the committee for bringing this legislation to the floor. It has my full support.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. CUNNINGHAM. I yield to the gentleman.

Mr. PELLY. Mr. Chairman, as one who is not a member of the Committee on Post Office and Civil Service I would like to express my appreciation to the committee members for bringing this legislation to the floor. I think it is long overdue. I certainly support it and intend to vote for it.

Mr. CUNNINGHAM. I thank the gentleman.

Mr. CORBETT. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. BUCHANAN].

(Mr. BUCHANAN asked and was given permission to revise and extend his remarks.)

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent that the remarks of Mr. ELLSWORTH be inserted in the RECORD immediately following my own.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BUCHANAN. Mr. Chairman, I am delighted, as a member of the subcommittee, to join in this chorus of praise to our subcommittee chairman for his outstanding leadership. It is particularly a pleasure to be able to agree with the gentleman from Illinois [Mr. O'HARAL], the distinguished member with whom this may be the first and last time I shall agree, in his beatitude to the subcommittee chairman, which is well deserved. This is indeed a needed bill. It is a bill that reaches out to a group of people to whom we have a unique responsibility in the Congress, people who have given their lives to Government service and are therefore in a unique sense our responsibility here.

I will quote a second scriptural statement, and that is simply this:

He that careth not for his own is worse than an infidel.

It seems to me that there is an application here for us to these who have given so many years of service to our country as civil service employees.

In my own State there were some 10,682 of these retirees as of July 1, 1964. In the Nation there are close to 700,000. Many of them are living on incomes pitifully low. This is therefore needed legislation and it is good legislation. This bill does not do all that we ought to do for the retired civil service and postal employees of this country, but it is a significant step in the right direction. It does increase their annuities. It does provide a mechanism whereby they can more closely keep up incomewise with the cost-of-living index in the future. It does make greater provision for the survivors of future retirees.

May I join the gentleman from Montana and the distinguished subcommittee chairman and others in expressing my hope that this shall be the beginning and not the end of corrective action by this body to place these, who have given themselves to Government service through the years, in a more equitable position in the future. I specifically hope that we shall be able to increase the annuities, in later legislation, of survivors of civil service retired employees, not covered by the increase to 60 percent in this legislation.

Mr. Chairman, I hope that we shall be able to continue to work toward placing these whom we touch here today, these 700,000 Americans, in a more equitable position. Many of them are living on incomes well below what this Congress has determined to be the poverty level. At a time when \$3,000 is declared to be the borderline the records of the Civil Service Commission show that more than 75 percent of the 482,131 retired Federal employees on the retirement rolls are receiving annuities of less than \$3,000. The figures with respect to survivor annuitants are even more shocking. Of 205,855 survivor annuitants, only 2,237, about 1 percent, receive annuities of \$3,000; and 163,274, or about 80 percent, receive annuities less than \$1,200, or under \$100 per month.

Mr. Chairman, in addition there are internal inequities. People who retired at different times and did not receive the

same salary levels during their working period, did not retire at the same percentage level and hence we have a group of retirees who are in the same grade and class but who are receiving different benefits because of the differing times of their retirement.

Those who worked earlier or the older retirees working on small salaries, are receiving smaller annuities. Later legislation has worked toward increasing the percentage of the annuities and toward increasing salaries for working employees. Hence, inequities have been created and perpetuated.

Mr. Chairman, this bill goes a long way toward correcting such inequity but it does not fully do the work.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. CORBETT. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BUCHANAN. I thank the gentleman.

Mr. OLSEN of Montana. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Montana.

Mr. OLSEN of Montana. Mr. Chairman, I wish to rise and compliment the gentleman from Alabama upon his comments on this bill. I believe we share the same views. I want to say especially I admire his ambition to go further than this bill in the future, after some further study, and I certainly hope that that can be done, as the gentleman from New Jersey [Mr. DANIELS] pointed out, after having received recommendations from the present retirement commission and that it will be done certainly earlier next year.

Mr. BUCHANAN. I want to thank the gentleman from Montana and assure him that this shall have my personal, active support and I am sure the active interest of the full committee. I share the gentleman's concern. We shall be actively working toward that end.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I want to say that the gentleman from Alabama [Mr. BUCHANAN] is a new member of our committee, but he is a member with a heart, he is a member with a conscience, he is a member who works diligently in the important work of our committee.

Mr. Chairman, I congratulate the gentleman for the very constructive attitude and the constructive work which he has contributed toward the enactment of this bill.

Further, Mr. Chairman, I congratulate a real leader, the gentleman from New Jersey [Mr. DANIELS], for taking the action to get this bill to the floor of the House, and I support it.

Mr. BUCHANAN. I thank the gentleman from Arizona.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. CORBETT. I yield the gentleman 1 additional minute.

Mr. BUCHANAN. Mr. Chairman, may I read into the RECORD some additional facts. Insofar as the benefits for sur-

vivors are concerned, one can understand some of the present inequities when one sees this analysis, all based on an annuity income of \$3,600 per annum:

Those who retired between 1948 and 1949 must pay \$360 per annum in order for the surviving spouse to receive \$1,800 annually.

Those who retired between 1949 and 1956 pay only \$285 per annum for the same benefits.

Those retiring between 1956 and 1962 have to pay but \$180 per annum for the \$1,800 benefit. Those retiring now pay only \$90 per annum but receive benefits for their survivors of \$1,980 per annum.

This illustrates the kind of inequity which we only partially correct here, and which we must more fully eliminate in the future.

I support the bill, and urge your support of this much-needed and worthwhile legislation.

(Mr. ELLSWORTH asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ELLSWORTH. Mr. Chairman, I wholeheartedly support my colleagues on the committee in the hopes that this meritorious and sorely needed legislation soon can become law. Reasons for enactment of H.R. 8469 are quite evident and have been carefully defined in the committee report.

Certainly, the increases provided in H.R. 8469 can be considered fair, moderate, and although not truly corrective, they will go far to assist the Nation's civil service retirees who have seen their purchasing power drained by continuing increases in the cost of living. I am pleased to see that some 43,000 widows of our former Government workers are receiving increases to assist in their financial plight.

I would like to direct attention to section 2 of the bill which makes it possible for future widows of employees and/or annuitants to receive 60 percent of the earned annuity. I believe in the case of the retiree, we find a true example of the age-old adage that "two can live as cheaply as one"; however, when that one finds herself alone in the world, the costs originally borne by the two end up, generally, being the burden of the survivor.

Let us consider a typical widow of a retiree who has enjoyed living with her spouse for many years in a home which they were able to call their own. The widow has suddenly found herself alone in the world and her expenses started mounting, despite the fact that under present law overnight the household income dropped 45 percent. The widow found after her first month of being alone that the electric light bill remained the same, telephone costs were not reduced; and when repairs were necessary, she had to pay where previously her husband was able to handle the chores.

Then came the annual expenses and the widow learned that the real estate taxes and the fire insurance were not reduced because of the death of her husband; but in fact in some instances were increased.

All that section 2 of H.R. 8469 does is to insure future widows that their an-

nuities will be 60 percent of the amount received by their retiree husbands rather than 55 percent which is the present law.

Mr. DANIELS. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. BENNETT].

(Mr. BENNETT asked and was given permission to revise and extend his remarks.)

Mr. BENNETT. Mr. Chairman, the purpose of this legislation is to provide equitable, moderate, and desperately needed adjustments in the annuities of Federal civil service retirees and survivors currently on the annuity rolls, to improve the existing cost-of-living adjustment principle by gearing it to a more sensitive monthly price index indicator, and to increase the survivorship protection of spouses of employees and future annuitants.

The history of civil service annuity adjustments to meet exploding costs of living has been one of too little and too late. The responsibility rests squarely on the Congress and there is general agreement that this problem requires our most immediate attention.

To think of a pension plan simply as a promise to pay a stated number of dollars monthly represents a superficial view. Pension plans are long-term financial operations, and the basic purpose to be served is to enable an employee to enjoy freedom from want and a measure of economic security upon the expiration of active employment and throughout his declining years. During the period of employment, the hopes and expectations of employees are continuously built around the concept that they will be able to retire on a dignified basis and with enough income to meet their basic needs. It is the responsibility of the Government to maintain the annuities of its retirees and survivors at a level that will give them a living comparable to what they had, and rightfully expected to have, at the time of retirement.

Representatives of organizations of retired Federal employees have strongly urged the immediate approval of increases to meet the critical need of those living on small, fixed incomes to cope with the continued upward spiral of our vastly expanded economy. Every major organization of active Federal employees lent its support to these proposals. More than 50 individual Members of Congress appeared in person or submitted statements recommending immediate increases in benefits. These witnesses presented testimony and evidence which clearly established the urgent need for the early adjustments provided in this legislation.

At a time when \$3,000 yearly income is the borderline below which a married couple is deemed to be in the poverty class, the record shows that the bulk of the 700,000 civil service retirees and survivors are receiving annuities of much less than such amount. It is a well-known fact that medical costs have risen more than any other single item in the Consumer Price Index. Medical studies disclose that up to one-third of those 65 years of age or older are chronically ill, and that they have twice as many disabling illnesses lasting a week or longer

as do persons under age 65. Moreover, the average disabling illness of the aged lasts twice as long as that of younger persons. During the past decade the cost of medical services has increased over 40 percent; doctors' fees over 35 percent; hospital charges over 85 percent; hospital insurance rates over 95 percent; and prescriptions and drugs over 10 percent.

As people over age 65 require more medical care, these cost items hit them particularly hard. They are confronted with reduced income, impaired health, depressed living standards—and, in most cases, with increased medical expenses. Federal civil service retirees and their survivors are truly the forgotten people in the economic life of the United States today.

The reported bill provides fair, moderate, and direly needed adjustments designed to increase annuities where the greatest relief is warranted. This is our opportunity to do our part and pass this legislation.

Mr. DANIELS. Mr. Chairman, I yield 5 minutes to the gentleman from Hawaii [Mr. MATSUNAGA].

(Mr. MATSUNAGA asked and was given permission to revise and extend his remarks.)

Mr. MATSUNAGA. Mr. Chairman, I rise in support of H.R. 8469 and wish at the outset to commend the chairman of the subcommittee on his demonstrated leadership. This legislation is a step in the right direction toward a sound and lasting policy with respect to Federal employee retirement benefits.

In my studies of retirement theory and practice, as a new member of the Post Office and Civil Service Committee, I was impressed by the definition of an effective retirement plan, as stated by an associate of the Society of Actuaries in America. This is what he said:

The basic purpose to be served in establishing a pension plan is to enable each employee to enjoy freedom from want and a measure of economic security after he or she is no longer actively employed.

* * * * *

Pension plans are very long-term financial operations. To think of a pension plan simply as a promise to pay a stated number of dollars monthly, commencing at some future date, represents a superficial view. The hopes and expectations of employees are continuously built, during the period of employment, around the concept that they will be able to retire under the plan on a dignified basis and with enough income to meet their basic needs.

The ideal plan, in my judgment, would provide for the adjustment of annuities, from time to time, to equate them on the basis of length of service and level of responsibility, regardless of when the service was performed. Sharp disparities in treatment of former employees now exist, as evidenced by an example cited in our hearings. On the one hand, an employee who retired in 1945 from a grade GS-9 position after 36 years of service, whose original annuity was \$150 a month, after all subsequent annuity increases, now receives \$257 a month. His surviving widow would receive an annuity of \$58 a month.

On the other hand, an employee who retires under today's law from an identical position in grade GS-9, with the same years of service, can provide for a widow's annuity of \$165 a month and receive a life annuity of \$468 a month.

This results from the many pay raises during the 20-year period, plus the 1956 Retirement Act Amendments. The GS-9 salary average for the 1945 retiree was \$3,917 per annum, compared to \$8,200 for the 1965 retiree, and the 1956 Retirement Act Amendments improved annuity benefits by more than 20 percent for those retiring thereafter.

While H.R. 8469 is not by any means perfect, it is, as I have noted, a step in the right direction since it gives at least partial recognition to the relative condition of salary and benefit provisions at various times of retirement.

Mr. Chairman, I am the last to believe that we are not to provide all retirees with a decent living and security. The Government attracts well-qualified personnel for its activities with the promise of amply designed retirement benefits which would permit withdrawal from active service with the knowledge that they and their dependents will be financially secure insofar as the necessities of life are concerned. This expected security is not an actuality because year after year the cost for services, utilities, medical fees, insurance, and staples keeps increasing while the annuity income remains stationary.

Just how vital a part these retired employees have played in shaping our Government cannot be fully appreciated until one has observed some of the lesser-developed countries in this world where the lack of competent governmental staffing at all levels has put up the greatest of barriers to effective administration of national affairs. Fortunately, in this country we have no such problem—and it is because of the dedicated men and women who would be the beneficiaries of the legislation before us today, that this is the case.

A retirement annuity, to pass the fairest tests, must meet two conditions: namely, provide an income for the principal that is sufficient to maintain dignity and self-respect—and to provide an adequate annuity for survivors who suffer the loss of the principal's salary or annuity income.

Congress has taken cognizance of this, to a degree, by providing increases for other retirement programs within its jurisdiction—social security, veterans' benefits, and railroad retirement. It would be a gross inequity were we not to do the same for our own civil service annuitants. We have supported constructive legislation aiding the senior citizens of our country with the medicare bill, we have passed legislation benefiting millions of children with the elementary and secondary school bill, and we are presently involved in writing salary legislation designed to attract and retain high-quality personnel. Yet, we have done relatively little to increase the benefits of a retirement program that assists, in many ways, to maintain a high level of quality in Federal employees.

Mr. Chairman, a primary concern of Congress is to legislate towards effectuating equity. The bill now before us will deliver justice to a long neglected segment of our population. These are the ones who have borne too long the burden of Federal service in years past, and are now forced to meet an ever-increasing living cost with a retirement income that was inadequate by fair standards a decade ago. Certainly, this Nation has a primary obligation to its own retired citizens, many of whom are septuagenarians and octogenarians.

Mr. Chairman, the mechanisms of this bill will help to guarantee that the greatest percentage increases will inure to the emergent need of those who need them most, with the lesser increases designed for those who have benefited by salary increases and improved computation formulas. We cannot, in all good conscience, deny a degree of comparability to these deserving citizens over whom the ever-increasing cost of living has cast a cloud of poverty during the very years that they had been promised would, at least, be uncomplicated and secure.

As a Congress that is well on its way to bringing about the reality of the Great Society, it behooves us to act in behalf of the ones we owe a great obligation, our own retired Federal workers. I urge a favorable vote on H.R. 8469.

Mr. CORBETT. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, I merely wish to say that the gentleman from Hawaii has not only eloquently spoken here on behalf of retired civil service and postal employees of this Nation, but he has worked with energy and dedication on the committee. The gentleman has shown a very active interest in making certain that there shall be no inequity based on year of retirement and that present inequities shall be eliminated. He has demonstrated his determination that there shall be adequate provision for these folks who have felt the full brunt of all cost of living increases without comparative increases in their annuities. The gentleman has pursued this with energy and dedication, and I thank him for his work on the committee as well as here.

Mr. MATSUNAGA. Mr. Chairman, if the gentleman will yield, I thank the gentleman from Alabama. I join in the commendation earlier attributed to him for the great contribution he has made to the subcommittee.

Mr. CORBETT. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. MATHIAS].

Mr. MATHIAS. Mr. Chairman, I thank the distinguished gentleman from Pennsylvania for yielding.

Mr. Chairman, this bill would correct an injustice which has existed far too long and I support it. The need for an increase in annuities under the Civil Service Retirement Act has been apparent for several years, and I am gratified that the committee has seen fit to report such a comprehensive and worthy bill.

The point which I should like to stress is that the recipients of civil service retirement annuities, the recipients of the increases proposed today, are people who have devoted their lives to public service. They are the manpower behind the process of implementing and administering the laws which this Congress enacts. They comprise the work force of the strongest and most active national government in the world. As members of the civil service, they are a very special and deserving class.

It is the responsibility of this Government to insure that its employees will enjoy freedom from hardship and can sustain economic security during retirement. It is our responsibility to insure that Federal employees will be able to retire with dignity and with enough income to meet their basic needs.

Civil service retirement annuities simply have not kept pace with the swiftly rising cost of living. However adequate the schedule of annuities may have appeared a few years ago, it is clearly inadequate now. The Civil Service Commission's own records show that more than 75 percent of the 482,131 retired employees on the retirement rolls receive annuities which fall below the "poverty line" of \$3,000 per year. The figures for those receiving survivor annuities are even more disgraceful.

This bill would help raise these annuities to a more satisfactory level. The bill in part makes up for past neglect by providing increases consistent with the rise in the cost of living. It also provides for automatic cost-of-living increases whenever the Consumer Price Index registers an advance of 3 percent for 3 consecutive months, and makes needed adjustments in survivor annuities.

Mr. Chairman, this bill does not restore to retired Federal employees the retirement income which was lost before Congress responded to the rising cost of living. But it does reaffirm our intent to provide our civil servants with adequate and equitable retirement annuities. It does affirm our intent to maintain retirement annuities in the future at their present levels of purchasing power, and not to let the real value of an annuity decline as prices rise. It is a promise of continuing attention and further action.

For several years I have advocated necessary increases in civil service retirement annuities. I commend the committee for the hard work which it has done in drafting this comprehensive bill, and I urge its prompt enactment.

(Mr. MATHIAS asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. FINO].

Mr. FINO. Mr. Chairman, I rise in support of this very important bill. This legislation is long overdue. In recent years, retiree living standards have been progressively undermined by the creeping inadequacy of pension purchasing power.

I am glad to see H.R. 8469 come before this House for consideration. It

constitutes a recognition of our Government's obligation to provide a continuing and ascertained standard of living for retired Federal employees. This bill proves that we have come a long way toward seeing pensions as moral obligations and not merely dollars-and-cents contracts. This is only proper and just.

In the first place, this bill includes a much-needed increase in existing pensions. This increase will lessen the inequities which have accumulated over the years as a result of the fact that persons retiring today receive far higher benefits than persons of the same grade received when they retired years ago. The increases provided for—which vary according to whether or not the employee retired before October 1956—will make existing pensions correspond better to those presently being granted. Unfortunately, the increase provided for does not relieve older retirees of all of the relative economic disability that has been accumulating during recent years of prosperity. My own feeling is that we still have not exhausted our backlog of obligation to our retired workers. We must remember that the booming economy we enjoy—which cuts into the value of fixed incomes—is something our retirees helped to create, and in which they should share.

This bill we have before us does not just aim at correcting the past—it also seeks to better anticipate and solve future retiree needs by making the automatic cost-of-living increase mechanism more responsive to actual economic change and consequent retiree needs. At the present, automatic cost of living increases are based on changes in the consumer price index over a period of a year, and these cost-of-living increases thus do not generally become available as quickly as they are needed. Under H.R. 8469, automatic cost of living will be computed every 3 months, enabling retirees to more quickly get the increased benefits they need to cope with the rising costs of living.

I am also heartened to see the surviving spouse's annuity being raised from 55 percent of the earned annuity or survivor base to 60 percent. This is necessary for the future, but we must also consider those who have already come under the woefully inadequate existing benefit levels. I therefore support the amendments to be offered which will make this increase retroactive with respect to some recently granted surviving spouses' annuities, and provide also for a straight increase in older surviving spouses' annuities.

I have long urged increases in Federal retiree benefits and, I am happy to see this day arrive. For each Congress, since the 83d, I have introduced a packet of legislation designed to improve the status of Federal employees—present and retired—as they so much deserve. I am glad to see this legislation on the threshold of passage today, with its promise of fulfilling at least some of our Nation's obligation to its retired civil service workers.

Mr. CORBETT. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. HARVEY].

Mr. HARVEY of Michigan. Mr.

Chairman, I rise in support of H.R. 8469. Several months ago I introduced similar legislation to provide reasonable and long-overdue adjustments in the annuities of Federal civil service retirees and surviving spouses of certain former employees who died in service or after retirement.

The record, I believe, clearly shows that this legislation not only is overdue but is fair. As a matter of fact, strong arguments may be made that perhaps it does not go far enough even to meet the swiftly rising cost of living.

As this Congress concentrates and acts on poverty, it should not and must not ignore its responsibility to those dedicated public servants who have served so long and well.

This is a modest bill, providing a 3.8-percent increase in every annuity. There are other provisions, thoroughly discussed by other Members, which attempt to rectify a situation demanding our attention and action.

Let us keep in mind that more than 700,000 retirees and survivors are now on the retirement rolls of the Civil Service Commission. They should not be forgotten, but treated fairly and recognized for their contributions to our Nation.

(Mr. HARVEY of Michigan asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Chairman, I yield 2 minutes to the gentleman from Utah [Mr. BURTON].

Mr. BURTON of Utah. Mr. Chairman, I am pleased to rise in support of H.R. 8469, a bill to provide badly needed adjustments in the annuities of Federal civil service retirees and survivors.

Mr. Chairman, Federal civil service retirees are today's forgotten people in the United States. The Federal Government is very much concerned about programs for assistance to families in our Nation whose income is low. Those whose income is below \$3,000 are being regarded as being below the borderline of the poverty class. But at this same time the records of the Civil Service Commission show that more than 75 percent of the 482,131 retired Federal employees on the retirement rolls are receiving annuities of less than \$3,000. The situation is even more serious with survivor annuitants. Of 205,855 survivor annuitants, only about 1 percent receive annuities of \$3,000 or more.

Retirement income should be fairly and directly related to level of earnings and length of service, but should be adjusted to reflect new standards and cost of living changes. It needs to be recognized that an individual retiring today likely will receive a much higher retirement benefit—as a result of having drawn higher salary—than the individual who retired from a similar job several years ago. Adjustment should be made to bring the older retiree's annuity more nearly in line with the current annuities.

I urge my colleagues to approve H.R. 8469 to bring a measure of relief to the older civil service retirees.

Mr. Chairman, these people are people who have devoted their careers and their lives to the service of their country and their countrymen. I am happy today

and thankful to the members of the subcommittee for allowing us the opportunity on the floor and in our subsequent vote to show these people that we are concerned with their welfare and to support them.

Mr. HORTON. Mr. Chairman, I would like to urge prompt passage of H.R. 8469, providing civil service retirement annuity adjustments. The range of this bill covers not only the retirees of our civil service, their dependents and survivors, but expands to benefit America at large, by the protection and preservation of a capable civil service, a system which forms the core of our democratic Federal framework.

The expression "civil servant" in the true sense connotes selfless service—long hours, often with little or no recognition. It is the responsibility, and indeed the moral obligation of those of us in Congress to remedy the present injustice suffered by our civil service retirees. It is a travesty of every form of compensation we hold dear to raise salaries of the military and present Federal workers, without also turning to those retirees of the Government who through no fault of their own are overwhelmingly burdened by inflation. They, too, are entitled to a life of dignity, a life of retirement which shows our appreciation for the services they performed and which is in keeping with the contributions made during their working years. We can no longer neglect to provide this relief where it is most warranted.

We are all painfully aware of the exploding costs of living and the hardships caused those senior citizens who find themselves victims of our expanding modern economy. In this case, it is not the fault of the individual, but rather that of the system which needs long-overdue correction.

This bill would increase the annuities of pre-1956 retirees by 10.2 percent, and that of post-1956 retirees by 5.2 percent. It would go a long way toward closing the gap created by different systems, the gap between those who have benefited from post-1956 improvements and those who retired from active service before that date. Moreover, this measure provides a flexible standard, with cost-of-living increases based on the Consumer Price Index. This flexibility is urgently needed; until this point, Congress has never brought the retiree up to par with the rising cost of living.

I am fully aware of the position and needs of our more than 700,000 retired folks and survivors, which include 51,262 from New York State alone. To remedy the anomaly of their situation, I have introduced two bills, H.R. 5694 and H.R. 5695, which contain provisions very similar to those considered here today. It was my privilege to testify earlier this year before the Subcommittee on Retirement, Insurance and Health of the House Committee on Post Office and Civil Service. I return to the plea I made at that time to do something now, and not wait for future studies by committees appointed to report in the distant future. This is one of many cases where actions speak louder than words; the need for present improve-

ments is the first order of business—it is not only reasonable and just, but mandatory. Let these measures go into effect now, and then, in the future, let us continue to remember our retired and active civil service employees. This annuity increase is only one of many needed measures affecting the condition of American workers.

I think all of us are aware of constituent letters in the files, numerous cases citing need and inequity. I can think of no more fitting way of showing our thanks and pride in the long history of selfless service and devotion among this Nation's civil employees than by granting them retirement benefits in keeping with the fine service they have demonstrated.

Mr. CORBETT. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I thank the gentleman.

I, too, rise in support of the legislation before us, as it is quite apparent that most of the Members of the House do favor this necessary legislation. However, in the committee report I notice on page 8 in a letter from Chairman Macy to the gentleman from New Jersey Representative DANIELS—and I refer you to the next to the last paragraph thereof—it says that the Bureau of the Budget advises that enactment of this bill would be inconsistent with the program of the President if it includes the provisions in section 2 of the bill. I understand that these provisions are still in the bill. Does this mean, therefore, that the administration is opposed to the bill as it is being presented to us today?

Mr. DANIELS. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from New Jersey.

Mr. DANIELS. If the gentleman will read that letter very carefully, he will find that the bill which was originally opposed by the administration now has its approval except for section 2. We feel or, rather, it is the feeling of the committee that section is a much needed provision. It is reasonable, equitable, and fair. Most of these people on the rolls who would be affected by section 2 are people whom we feel it is necessary to include in this legislation.

Mr. COLLIER. Mr. Chairman, I happen to agree with the gentleman, but I do repeat my question, namely, is the administration opposed to the bill inasmuch as this provision is still in the bill?

Mr. DANIELS. All I can say in answer to the gentleman is this letter from Commissioner Macy speaks for itself. He says that he favors the bill except for section 2. I think our committee can stand on its own two feet and do its own thinking. We put this provision in there. It was unanimously approved not only by the subcommittee but by the full Committee on Post Office and Civil Service.

Mr. COLLIER. I agree with the committee's position, and I thank the gentleman for his comments.

Mr. DANIELS. Mr. Chairman, I yield 3 minutes to the able gentleman from Florida [Mr. PEPPER].

(Mr. PEPPER asked and was given permission to revise and extend his remarks.)

Mr. PEPPER. Mr. Chairman, I thank the able gentleman from New Jersey for yielding to me.

It is with deep interest that I urge the Members of this House to recognize the need for helping our Federal retirees. H.R. 8469 with its amendments will give help and encouragement to the thousands of retirees on low meager annuities. The bill is so designed to give greater help to those who need it the most—those who retired several years ago.

My personal concern is for the nearly 35,000 Federal annuitants and survivors in my State of Florida, as well as the more than 700,000 retirees and survivors throughout these United States.

In simple justice to these folks let us pass this bill and give encouragement to those who are the last to benefit. It seems we have taken care of most everyone but them.

H.R. 8469 would give retirees an immediate increase in every annuity, effective the first day of the third month after approval of the bill, of the amount of the accrued increase in the cost of living since the year 1962, now 3.7 percent, and perhaps up to as much as 3.8 or 3.9 percent by the time the bill passes.

An additional increase in the annuities of all persons retired prior to October 1, 1956, and of the surviving spouses of such persons as are receiving survivor annuities, in the amount of 6.5 percent, making a total increase of more than 10 percent.

An additional increase in the annuities of all persons retired since October 1, 1956, and of the surviving spouses of such persons who are receiving survivor annuities, in the amount of 1.5 percent making a total increase of more than 5 percent.

A provision that the minimum increase in the surviving annuity of a former employee who died or retired prior to April 1, 1948, shall be 15 percent or \$10 per month, whichever is less. This would mean a minimum increase of 15 percent for each of these survivor annuitants whose present annuity is less than \$67 per month.

Automatic cost-of-living increases in the future whenever the Consumer Price Index has registered an advance of 3 percent for 3 consecutive months since the base average, instead of waiting for more than a year under the present law.

Increasing the percentage of survivor annuities for persons retiring in the future to 60 percent and the amendments would give all survivors this needed improvement.

There are thousands who get only meager annuities because when they retired the salaries, and the benefits of retirement laws were then low. Many of the retiree survivors fare worse. Letters bring us data on these folks who are receiving amounts as low as \$40 per month, \$50 per month and until recent years, very, very few received over \$200 a month after a lifetime of work.

Let me read extracts from a letter of one of the more fortunate ones. Surely

you will agree his lot is a rough one. We, none of us, would like to be in this predicament:

It is with deep regret I have to write you regarding your low pensioned retiree employees. We need more money and we need it badly now. Life is short—we don't need it after we're dead.

I get a check for \$185 out of which I have to pay \$101 for rent and electricity. I cannot live on \$85 a month in this age of high cost of living. I have to buy secondhand clothes and my hospital policy I gave up. We need that increase now. Time is short; so is life.

We have money to throw all around the world by the millions to nations we can't depend on in times of war. Yet there is nothing to give but a few crumbs to our faithful servants who gave the best years of their lives serving their country and are old men—some sick and can't get a living pension to enjoy those few years to live. It's time we got action now for more money, next year may be too late.

I know you're doing your best for us retired men. I would appreciate it if you would show some of the Congressmen and Senators this letter.

Yes, we have hundreds upon hundreds of similar letters, and some are really pitiful. In Florida we have more than 34,000 of these retirees who need help and need this help now.

I strongly support this measure. I believe it does justice, although in some instances delayed justice, to one of the most deserving and important segments of our citizens, the retirees from the Federal service. I warmly commend the able gentleman from New Jersey [Mr. DANIELS] for the leadership that he has given us in the presentation of this meritorious measure to this House.

Mr. DANIELS. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New York [Mr. HANLEY].

(Mr. HANLEY asked and was given permission to revise and extend his remarks.)

Mr. HANLEY. Mr. Chairman, the paramount objective of H.R. 8469 is the granting of the financial relief that our Federal retirees and survivors so desperately need. It has been well substantiated by the testimony offered in the hearings, that tens of thousands of our retired employees are in dire circumstances—and that only a comparative few are in receipt of annuities that permit them to maintain a reasonably decent standard of living.

The word "poverty" is being bandied about these days by people who set their own standards as to what constitutes impoverishment. Certainly, by any standards, and particularly those which the President himself has adopted in connection with his antipoverty program, a family income of \$200 a month is a poverty income. Now, since this Congress has seen fit to appropriate massive sums of money to combat poverty on every conceivable front, are we not at least morally obligated to upwardly adjust the poverty level incomes of those people who have so loyally served their Government? The cold facts of the matter completely justify the overwhelming need of this legislation—not next year—but now.

Mr. Chairman, it is unfortunate, but nevertheless true, that a survey of our

economic activity over the past decade shows a significant amount of inflation. In its simplest definition, inflation means that a dollar buys less today than it bought yesterday. I believe it is safe to say that this burden falls heaviest upon these persons whose fixed incomes do not rise with the times. It is these persons, with this type of income, with whom we are concerned here today. It is these persons, many of whom paid for their annuities with 100-cent dollars, who are being compensated with 30-cent dollars in their twilight years. We are concerned today with the problems of those retired from public service, who 20 or 30 years ago were laying plans for their later years in life, and who could not foresee the inflationary erosion of the household budget in the latter half of the 20th century.

There is much concern, Mr. Chairman, for the welfare of our elderly citizens, as is apparent from the legislative record of the Congress the past few months. Is there similar concern for the welfare of our own former employees? Are we as concerned over the economic requirements of their widows and children? These are the people who have been characterized as the "truly forgotten people in our Great Society." These are the same people who worked to make life better for all Americans, but whose dreams of a peaceful and serene retirement have been turned into an inflationary nightmare in our present-day economy.

Legislation providing increases should have been enacted in the 88th Congress, and only the fact that time ran out on that Congress prevented passage last year. Meanwhile, these annuitants wait and look to us, the Congress, to act on an increase that is long overdue. How much longer will the Federal Government—the would-be benefactor of a Great Society—turn away from the actual and existing needs of its own former employees? I hope, not long. The subcommittee has acted, the full committee has acted, but we must see that the Congress itself acts—today.

Mr. Chairman, there can be no escaping the fact that this body is dutybound to ease the burden placed upon these worthy persons. By taking diligent and favorable action today we will not condemn them to retirement years that will be unpleasant ones. They are the same golden years for which we ourselves, I am sure, are laying plans. They are the same years upon which we all are continuously building our own hopes and expectations—a concept of hopes and expectations that we may be able to retire from our duties on a dignified basis—and with sufficient income to meet the basic needs of our future years.

Mr. Chairman, in further support of H.R. 8469 which amends the Civil Service Retirement Act, I say the bill has four major provisions: percentage increases in the annuities of Federal retirees, a cost-of-living increase in annuities, modification of the procedure to determine and effectuate cost-of-living increases, and a 5-percent increase in the percentage of the life annuities of their husbands to be received by surviving widows.

It is my belief that H.R. 8469 is a good bill worthy of the support and approval of the Congress. It is clearly a compromise measure with its provisions stemming directly from the information produced in our hearings and discussions with interested parties, including the Civil Service Commission.

To my way of thinking the major feature of the bill is the 6½-percent increase in the annuities of former Federal employees who retired prior to October of 1956. The bill also includes a 1½-percent increase in the annuities of post 1956 retirees. Testimony before the Subcommittee on Retirement and Pension revealed that 75 percent of the 482,131 Federal retirees receive annuities of less than \$3,000 and 80 percent of the survivor annuitants receive less than \$1,200. These figures, shocking as they may be, do not of themselves necessarily demand that we amend the Retirement Act. Again it was testimony before the subcommittee directing our attention to the fact that older retirees were concentrated on the lower end of the annuity scale which prompted that 6½-percent increase. While it was brought up that many former Federal employees receive small pensions because of short periods of Federal service, it was never suggested that short Federal service alone was responsible for negligible annuities. This 6½-percent increase cannot be considered an expedient welfare measure designed to help people who are in need merely because they are in need. Testimony disclosed that a portion of the blame for the plight of Federal retirees stems from the departure by the Congress from a principle of long standing.

That principle was expounded by Clarence Tarr, president of the National Association of Retired Civil Employees, during the hearings. He said:

It was recognized during the early years that when it was necessary to increase benefits for those who retire in the future, it was equally necessary to increase annuities of those previously retired. Those who would retire in the future would have the opportunity of salary increases to boost their retirement annuities, while those previously retired were helpless.

The reason H.R. 8469 is before us today is that this principle was not adhered to in the major amendments to the Retirement Act enacted in 1956. Unfortunately 1956 became a watershed dividing Federal retirees. Chairman Macy alluded to this division during the hearings when he said:

The other half of the annuity roll was made up of annuitants with benefits based on service which ended on or after October 1, 1956. These annuities had been computed under the liberalized annuity formula installed by the 1956 Retirement Act amendments which afforded benefits average some 25 percent higher than previous levels.

That the Congress recognized the unfairness of this gap was evident in 1958 when a 10-percent increase in the annuities of pre-1956 retirees was enacted into law. The gap was not closed in 1958 nor will it be closed upon the enactment of 8469. As Congressman DANIELS has stated, however, this bill will produce a much more reasonable relationship than presently exists between the two groups.

The second major feature of this bill is the cost-of-living adjustment increase to be granted in the third month following enactment. In 1962 legislation called for automatic cost-of-living increases, and the time has come for one. Our subcommittee chairman, Congressman DANIELS, pointed out in the report on H.R. 8469 that there is need for modification of the procedures set up in 1962 to handle the principle of cost-of-living increases in annuities. The purpose of the changes the committee suggests is to bring the cost-of-living adjustments somewhat closer in terms of time to the actual changes in cost of living. Instead of employing a yearly average showing a 3 percent or more increase in the cost of living, the annuity increase to become effective in the fourth month following that year, H.R. 8469 would institute a procedure whereby an increase will be granted in the third month following a 3-month period showing a consecutive 3 percent or more increase in the Consumer Price Index. I feel that since the Congress established automatic cost-of-living adjustments in annuities in 1962, it is important that we amend the law to make the application of the principle more effective.

The fourth provision of the bill, the 5-percent increase the percentage of full annuity provided survivors, will apply to the survivor of an employee who retires or is otherwise separated after the enactment of this bill.

I believe that H.R. 8469 is the best possible bill the committee could produce at this time, and I earnestly urge all of my colleagues to support its passage.

Mr. CORBETT. Mr. Chairman, I yield to the gentleman from New York [Mr. ROBISON] such time as he may consume.

(Mr. ROBISON asked and was given permission to revise and extend his remarks.)

Mr. ROBISON. Mr. Chairman, I rise in support of H.R. 8469, a bill designed to give some measure of relief to the more than 700,000 retired civil servants of this Nation whose needs have largely been overlooked in our recent efforts to provide necessary increased benefits for those in the military and for those other citizens covered by social security.

On April 29 of this year I introduced my own bill—H.R. 7753—dealing with this problem, and, though the bill as reported by the committee and now before us does represent a compromise from the position I have previously taken as set forth in H.R. 7753, I do support the committee bill and urge my colleagues to do likewise.

As the committee report on H.R. 8469 states:

The history of civil service annuity adjustments to meet exploding costs of living has been one of too little and too late.

This has resulted, as much as anything else, from the unfortunate fact that these deserving, retired Federal employees have not the organized voice to speak with strength comparable to us, in behalf of equitable treatment, as do the many more thousands of others now presently employed by our Government. So, I think it is accurate to say that these

people have found themselves too often forgotten.

H.R. 8469 takes a substantial step forward correcting this oversight, and I believe it is our responsibility to see that that step is taken in behalf of—to again quote from the report—these "elder citizens that are caught between rising prices and fixed incomes."

The Congress also, long ago, accepted the premise that the benefits of those who retired some years ago should not be permitted to lag too far behind the benefits being granted those who retire currently—and H.R. 8469 addresses itself specifically to this problem in a helpful manner.

It seems to me, therefore, Mr. Chairman, that H.R. 8469 should be passed, and that the additional expenditure which its enactment will entail can well be justified not only on the basis of doing equity to those to be benefited thereby—with whom we must keep faith—but also on the added ground that we should not expect to be able to attract to the Federal service the type of dedicated talent and skills it needs unless we also provide the adequate financial incentives that such employees should have to look forward to in their retirement years.

One more word—perhaps of gratuitous advice: This whole situation also serves to point up, once again, at least the indirect relationship between the fiscal and budgetary policies followed by the Federal Government, which policies are supposedly partly within our control, and the gradual increase we have been witnessing in the general cost of living which affects all our citizens. It ought, Mr. Chairman, to encourage us to be more watchful than we have of the results of our other actions in other legislative fields to the end that we are able to maintain some degree of control over the inflationary tendencies that are inherent, today, in our economy, and so that we do not place further financial burdens on those of our fellow citizens who do have to live on fixed incomes and who therefore have to bear the brunt of inflation, which has aptly been called the cruellest tax of all.

Mr. CORBETT. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. FULTON].

(Mr. FULTON of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. FULTON of Pennsylvania. Mr. Chairman, I strongly support H.R. 8469 and I urge its immediate passage.

H.R. 8469 is a bill which deals with retirement and annuities, one of the complex and difficult functions of our U.S. Government. This is an area of human interest, personal needs, and human living requirements and necessities, which requires constant vigilance by Congress. This retirement legislation must be reevaluated and reexamined constantly by the committees of the House of Representatives.

The purpose of this legislation is to provide long overdue and exceedingly necessary adjustment in the annuities of retired U.S. Federal employees and sur-

vivors presently on the annuity rolls. The present cost-of-living adjustment will be vastly improved by keeping it to the more sensitive and realistic monthly price index indicator.

It is imperative that Congress recognize the present hardship plight of the U.S. civil service retirees and survivors. In our age of ever increasing food costs and clothing and rent prices we must provide adequate means for the good and worthy people on our retirement rolls. Congress should not cast them aside, nor should Congress force our retirees to exist on a substandard basis.

It is the duty and the responsibility of the U.S. Government to assure adequate financial means so that U.S. retirees may maintain a living standard comparable to what they had while working, and which they rightfully deserve in retirement. Retirement should be a pleasure and a period of well-deserved good living earned through our good service during our working years. Retirement should not be a punishment, a period of lower living standards, and real suffering time of need.

The administration has accepted the standard that an income of \$3,000 a year is the borderline below which a married couple is classified as being in the poverty class. Yet most of the good U.S. civil service retirees and survivors are receiving amounts which are well below this figure. For the Government to permit this injustice to happen is to me not only wrong morally, it is an unhappy and unhealthy situation for our U.S. economy. This is really hardship to our older people who have given efficient, loyal, and devoted service to the U.S. Government and the American people.

We must not forget that in most instances the cost of living for the elderly is higher than for the general population.

It is well known that our senior citizens have special food, special housing needs, medical requirements, and longer hospital stays, than any other age group in our society. We must see that our older people can meet their present needs adequately, and can face the future with confidence.

The retirees of this Nation must not face impaired health, increased medical expenses, and a reduced income. We in Congress have the responsibility to act now.

This bill will provide reasonable and urgently needed increases and adjustments. It will provide a 10.2-percent increase for those who retired on or before October 1, 1956, and a 5.2-percent increase for those who retired after this date. This is a good increase, but we should in Congress examine these U.S. retirement pensions and annuities soon, to make sure these retirees have adequate purchasing power for decent and comfortable living and they are able to keep this purchasing power in spite of inflation and rising costs of living.

The initial cost of the first section of H.R. 8469, covering U.S. retirees, will be \$90.4 million, as estimated by the Civil Service Commission. The second section covering annuities of widows and widowers of employees who die in U.S.

service, would increase the cost approximately \$58 million, or 0.18 percent of the payroll. This expenditure is reasonable and worthwhile.

I recommend to the Members of this House that we act and vote today to provide the U.S. civil service retirees and survivors with the increase they so desperately need, and certainly deserve. This legislation will permit our U.S. retirees to be our gratefully remembered retirees, rather than to become the "forgotten people" of the United States, the tragic term by which they are now so often designated.

I am confident this Congress will promptly authorize this legislation. I hope all the Members of Congress recognize the necessity and desirability of this bill, and will act favorably on this legislation by voting for final passage.

Mr. CORBETT. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I support this measure.

[Mr. GROSS addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CORBETT. Mr. Chairman, I yield myself such time as I may consume.

(Mr. CORBETT asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Chairman, I just simply want to point out to the Committee that this has been a year of tax decreases. As you know, we have decreased the income tax rate, we have decreased the excise taxes, but up until right now we have left intact the most cruel tax that we have in this or any other country which is inflation.

Mr. Chairman, this effort represents really the first onslaught which we have made against inflation by this Congress.

Mr. Chairman, we all recognize that people who are living on fixed incomes wherever they may be in the world or in the Nation are the real victims of rising prices. They are the ones who see their standards of living falling as perhaps the standards of living may be going up for other people because of easy money, easy credit, and increased salaries.

Now, Mr. Chairman, for most of these retirees there is no place they can turn except to their Representatives in the Congress for any help in a situation that has found them going backward instead of forward.

Mr. Chairman, if there is anything at all to this war on poverty, if there is anything at all to the business that we ought to make this a better place in which to live in these United States, it seems to me that we are attacking at exactly the right point today.

Mr. Chairman, I believe that this House will be doing the Nation a service and our elderly employees a service if we pass this bill unanimously. Mr. Chairman, I hope that that will be the result of our actions here this afternoon.

Mr. Chairman, I yield back the balance of our time on this side.

Mr. DANIELS. Mr. Chairman, I yield such time as he may consume to the gentleman from Colorado [Mr. McVICKER].

(Mr. McVICKER asked and was given permission to revise and extend his remarks.)

Mr. McVICKER. Mr. Chairman, the Congress has just enacted a retirement increase on behalf of some 20 million Americans in adopting the Social Security Amendments of 1965—a measure which has been called the greatest single social enactment of this century. I applaud this action, and I supported it. But I appear today on behalf of a forgotten segment in this momentous legislation—namely the some 700,000 retirees of Federal service in our Government whose retirement income is largely unaffected by this legislation. I support passage of the bill, H.R. 8469, which would make an appropriate adjustment on their behalf.

The bill reported by the Committee on Post Office and Civil Service would help to rectify this situation. I am happy to say that it incorporates a principle contained in my bill, H.R. 8709, introduced on June 2 of this year, in that it triggers the effect of the adjustment to the automatic increased cost-of-living principle incorporated in 1962 legislation, by tying it to a monthly rather than an annual measure. The earlier legislation had provided that whenever the Consumer Price Index of the Bureau of Labor Statistics shall have risen by an average of 3 percent or more for a full calendar year above its average for 1962, a comparable percentage increase will become effective on April 1 of the following year.

But, during hearings conducted this spring it became abundantly clear that the automatic "cost-of-living adjustment" feature contained in the 1962 amendments has not operated as effectively as was anticipated. The rise in the Consumer Price Index over 1962, although averaging 2.6 in 1964, reached 3 percent in November 1964 and has steadily risen to around 3.7 percent. However, under the existing formula, annuitants will receive no adjustment until April 1, 1966. The need for a better measuring rod is thus apparent.

The present inequity suffered by older retired Federal employees is compounded by the fact that their annuities are based on the low salaries for which they worked for their Government. This result is illustrated by the following examples which were presented to the committee:

A man who retired in 1949, for example, after 30 years of service as a postal clerk is entitled to an annuity of \$2,328, while in the event of his death his wife's survivor annuity would be \$1,020.

A present postal clerk, with the same years of service, would be eligible for an annuity of \$3,624 a year—or 39 percent more—while his wife would be entitled to \$2,052 or more than twice of the older wife's benefit.

As I pointed out when I introduced my bill in early June, a person who retired 10 or 12 years ago receives from 30 to 50 percent less than one who has retired

recently from the same kind of a position. Moreover, the 5 percent increase enacted in 1962 was meant to cover increases in the cost of living only since 1958 because another adjustment had been made at that time for persons who retired before October 1, 1956.

Present law, therefore, largely disregards the steep increases in the cost of living since 1956 for many annuitants. And for older workers it fails to reflect changes in living standards since their working years when they were paying for their annuities with 100-cent dollars but are now receiving 30-cent dollars, comparatively.

Most of all I am concerned with the fact that a good principle incorporated into present law—the principle of an automatic adjustment of retirement income to increases in the cost of living—has proven itself to be unworkable. It is a mechanical weakness, rather than a weakness of principle, and it can easily be fixed.

Under the bill all annuities would be increased by the same percentage as the rise in the Consumer Price Index from the annual average of calendar year 1962 to the month latest published on the date of enactment. Moreover, annuities which began, or survivor annuities deriving from annuities which began, on or before October 1, 1956, would be further increased by 6½ percent while annuities which began after October 1, 1956 would be further increased by 1½ percent.

I know that there has been some argument that such action should be delayed because, on February 1, 1965, the President created the Cabinet Committee on Federal Staff Retirement Systems under the chairmanship of the Director of the Bureau of the Budget. However, the Civil Service Commission itself, while holding that major changes should await the report of this Committee, scheduled for December 1, 1965, acknowledged that experience to date has shown that the 1962 formula can be improved by shortening the time element from years to months. Accordingly, the Commission does not object to this feature since it makes workable a principle adopted in the 1962 legislation.

Mr. Chairman, in introducing my bill on June 21, I said:

If we want to attract and retain high caliber career Federal employees we must offer them an equitable and adequate guarantee that retirement benefits will keep pace with increasing living costs.

That is good personnel practice and it is good business.

By enacting the bill, which does justice and preserves equity for our currently retired civil servants we will not only be benefiting them, but we will be providing assurance to all present employees of the Federal Government that they will not be forgotten when they have retired from years of faithful and dedicated service.

Mr. DANIELS. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New Jersey [Mr. KREBS].

(Mr. KREBS asked and was given permission to revise and extend his remarks.)

Mr. KREBS. Mr. Chairman, I rise in support of H.R. 8469. I want to say, also, that I feel our subcommittee chairman, my distinguished colleague from the State of New Jersey [Mr. DANIELS] deserves the plaudits which he has received, because the gentleman has done an excellent job. I want to say, too, that I am extremely happy that this bill went through the full committee with its unanimous support. After listening to the expressions of concern for the 19 million elderly citizens in this country today and for the tens of thousands who are dependent upon their meager annuities or pensions, I eagerly look forward to the day when the Members on the Republican side of the aisle join again with the Members of the Democratic side of the aisle to make the next bill unanimous in raising a bit closer the benefits as compared to the needs of the elderly citizens today.

Although much of its purpose has been amply explained by my colleagues, I should like to emphasize the importance of this bill in our overall legislative program.

We have heard much about the Great Society and the war against poverty. But where should this Great Society begin, if not with those who have given the productive years of their lives in the service of their Nation? Can there be a war against poverty if we ignore the veterans who served unheralded in the domestic battlefields of the past?

The men and women whom we seek to aid today worked unselfishly in an organization which did not keep pace with the salaries of private industry, which did not keep its salary structure abreast of the rising cost of living, and which has provided an inadequate retirement program.

When many of our retirees first entered into Government service, I am sure they anticipated monetary benefits approximating those of private industry. A below-comparable pay scale has increased the burden of a low retirement annuity. The lower salary made week-to-week savings difficult, and there was no prospect that future income would be supplemented by generous retirement benefits.

Could our retirees have left the Government for better-paying jobs? This question can best be answered rhetorically—should this have been necessary? We certainly did not want to encourage our qualified civil servants to find positions elsewhere.

With the growing need for Government activity produced by the increasing pressures of our fast-paced industrial society, there has been a corresponding need for qualified personnel to administer new Government programs. It would indeed be a sad commentary on our way of life if we removed from the Great Society of the future those individuals who unselfishly laid its foundations in the past.

H.R. 8469 is not a panacea, but it is an aid. Most of our 700,000 civil service retirees are receiving less than \$3,000 in annuities. That is borderline income, below which a married couple is considered to be living in poverty. An increase

in benefits by 5½ or 10½ percent is not going to provide a substantial income. But it will help to supplement past savings.

H.R. 8469 remembers the "forgotten widows." These 43,000 widows whose husbands died when there was no retirement annuity provision will receive a 15-percent increase, with the maximum set at \$10.

One very important aspect of this legislation is the alteration of the cost-of-living adjustment feature contained in the 1962 amendments to the Retirement Act. This feature, which has not as yet become operable, provided that whenever the Consumer Price Index of the Bureau of Labor Statistics shall have risen by an average of 3 percent or more for a full calendar year above its average for 1962, a comparable percentage increase shall become effective on April 1 of the following year. It further provided similar increases when a like increase in the Consumer Price Index occurs after any increase predicated upon such feature.

The rise in the Consumer Price Index over 1962, although averaging 2.6 in 1964, reached 3 percent in November 1964, and has steadily risen to 3.7 percent at present. However, under this formula annuitants will receive no adjustment until April 1, 1966.

It should be obvious that retirees are least able to wait for cost-of-living adjustments. With the productive years spent in serving their Nation, they are often unable to supplement their income to meet the rising cost of living. These people did not wait to serve when it was convenient; they should not be made to wait unnecessarily for an annuity that reflects the cost of living. H.R. 8469 does not change the substantive policy that the annuity should reflect the cost of living. It does allow for faster reflections by providing for increases in annuities whenever the Consumer Price Index rises by 3 percent or more for 3 consecutive months after any previous increase.

Thus, I am glad that I have had the opportunity to speak on behalf of H.R. 8469. It is needed legislation; it is equitable legislation. I am happy that I can lend my support to make the future a bit brighter for those who did so much for all of us in the past. And I am proud that the Great Society will benefit some of its greatest workers and that the war on poverty will not neglect the deserving domestic veterans.

Mr. RANDALL. Mr. Chairman, it is a long past due privilege to raise a voice in support of H.R. 8469.

This bill to provide increases in annuities payable from the Civil Service Retirement and Disability Fund is an action which should have been taken a long time ago. Even the wording of the bill itself, when it refers to these increases as adjustments, is perhaps too moderate. For, the truth of the matter is that the increases are equitable and are desperately needed. No longer is it realistic to look at a pension which states its extent in terms of a stated number of dollars payable monthly. In this day and age that just does not make good sense. If a pension plan has any real

usefulness it cannot remain static because the basic purpose and the underlying philosophy of any pension proposal is that the pensioners enjoy some measure of comfort and convenience in their declining years. Not only is it important that an annuitant be free from want but that they have a feeling of economic security after the expiration of their active employment.

The reason the enactment of this measure is so important is that our retirees and their survivors thought or expected at the time of their retirement that they would have a measure of income proportionately comparable to what they had received during their active employment.

We all prefer times of prosperity and we all hail these 52 uninterrupted months of continued expansion in our economy. Yet who can deny that the present tempo has posed serious problems for elder citizens caught in the squeeze between rising prices and their fixed incomes in the form of an annuity that remains the same number of dollars they had received before the expansion of our economy. Yes, prosperity is good for most of us but the fact is its impact on a large group of our senior citizens has been very critical.

There has been a lot of talk about what measure of income puts a person in the poverty class. We hear that if one receives less than \$3,000 a year he is a borderline case. Yet, the bulk of our 700,000 civil service retirees are receiving annuities in an amount much less than \$3,000.

Mr. Chairman, every time in recent months when I have visited my congressional district I have been reminded by these retirees of their plight. For a long time now I have assured them that they would soon be given consideration. H.R. 8469 is fair. Maybe it does not go far enough but it does provide a direly needed adjustment and after the action of the House on this bill, we may be able to say to these retirees with reduced income, impaired health along with increased medical expenses who are existing upon a depressed living standard that they will no longer be the truly forgotten people in this present era of economic prosperity. H.R. 8469 will also give assurance to these annuitants that, in the future, they will receive more frequent and hence more flexible and more responsive adjustments in annuities to reflect the increased costs of living. Our enactment in 1962 providing for an adjustment on an annual basis has been shown to be a too-infrequent adjustment. The bill under consideration now will assure an increase in annuities to be reflected immediately upon a change in the cost of living. This should be some assurance that those who have been so badly neglected in the past will not be forgotten in the future.

Mr. HALPERN. Mr. Chairman, I rise in support of H.R. 8469, a bill which makes long-overdue adjustments in the annuities that our civil servants must live on in retirement.

H.R. 8469 is a simple, straightforward, proposal to help better the lot of the Federal civil service retiree. Because of our ever-expanding economy, civil

service retirees are caught in the economic straightjacket of fixed incomes and increasing prices. It is shocking to learn that most of the 700,000 Federal retirees and survivors are receiving annuities of much less than \$3,000 yearly, the income below which a married couple is considered in the poverty class. This bill would increase by about 10 percent the annuities which commenced before October 1, 1956, and by approximately 5 percent those which commenced thereafter. The reason for this difference is quite evident: The 1956 retirement liberalization law improved the annuities of those who retired after that date, but neglected to adjust the annuities of those who retired before.

Mr. CHAIRMAN, we have been told that Federal civil service retirees are the forgotten people in the affluent society of the United States today. Well, that is why we are considering this legislation. Let the Congress and the people of the United States not forget these civil servants who spent their lifetimes in the service of their Nation. These men and women have toiled for the Government of the United States; they and their survivors, deserve retirement annuities at least comparable to those who retire from employment in the private sector of our economy.

H.R. 8469 also provides a higher increase in annuities for approximately 43,000 elderly widows of employees who passed away when no survivor protection was afforded by law. Moreover, this bill would increase from 55 to 60 percent of the annuity or of the survivor base, the annuities of eligible spouses of those who retire or who die in service.

Finally, H.R. 8469 would correct the presently slow-moving adjustment principle, based on the fluctuations in the cost of living, to be more sensitive to changes. Under this bill, whenever the Consumer Price Index, rises by 3 percent or more for 3 consecutive months the annuities would be increased to the same amount.

Mr. CHAIRMAN, H.R. 8469 is an important step forward in realizing the goal of providing our Federal civil service retirees with an adequate retirement income. I strongly urge my colleagues to give it their support, so that this House may keep faith with those men and women who dedicated their working years to the service of the U.S. Government.

Mr. BOLAND. Mr. Chairman, I rise in favor of H.R. 8469, to provide certain increases in annuities payable from the civil service retirement and disability fund. This legislation will provide equitable and desperately needed adjustments in the annuities of Federal civil service retirees and survivors currently on the annuity rolls, to improve the existing cost-of-living adjustment principle by gearing it to a more sensitive monthly price index indicator, and to increase the survivorship protection of spouses of employees and future annuitants.

The only general annuity increase legislation that has been enacted since 1955 was the 5-percent increase enacted in 1962. Yet the cost of living rose by 14 percent between 1955 and January 1, 1963, the effective date of the 1962 in-

crease. I think that we should make this effort to allow retired Federal employees benefit from our expanding national economy. American workers today are enjoying unprecedented increases in real wages, and this is particularly true of Federal employees who have benefited from several substantial salary increases in recent years. Retired Federal workers have not been treated nearly as generously as have active employees in this regard. I urge my colleagues to vote for this much needed legislation for retired civil service employees.

Mr. HARVEY of Indiana. Mr. Chairman, most Americans, I am happy to say, make allowances for their retirement years and most Americans by the time they reach retirement age have a pretty good equity in their homes. Many have life insurance policies.

The one thing that most senior citizens cannot predict is the rising cost of living and inflation. For this reason I am pleased to add my support to H.R. 8469 and I would like to commend the House Post Office and Civil Service Committee for reporting out this legislation because it is, in my opinion, a good bill.

It has been reported that, since 1900, the number of persons in the United States, aged 65 and over, has increased from 3.1 million to well over 15 million. It also has been reported that over 10 million are receiving or participating in compensation retirement programs. This is a good bill because it will enable the recipients to take care of what they have in a dignified and deserving fashion.

Mr. GILBERT. Mr. Chairman, the main reason for a retirement plan is to enable an employee to live in dignity and enjoy economic security upon his retirement and through his declining years. It is the responsibility of Congress to maintain the annuities of our retired Federal workers and their survivors at a level that gives them a living comparable to what they had looked forward to and expected upon their retirement.

Our elderly citizens living on fixed incomes have suffered more than any other segment of our population due to the spiraling cost of living. Retirees and survivors are being forced to get by on very low annuities; nearly 300,000 of them receive less than \$100 a month. We consider \$3,000 the minimum income for a couple for a decent living and less than that is considered in the poverty class, and yet the records of the Civil Service Commission show that more than 75 percent of the 482,131 retired Federal employees are receiving annuities of less than \$3,000. Only about 1 percent of the 205,855 survivor annuitants receive as much as \$3,000; and about 80 percent receive less than \$1,200 a year—or under \$100 a month.

We must bring the annuities of persons who retired 15 and 20 years ago up to a fair comparison with the annuities of current retirees. We must improve the existing cost-of-living adjustment principle and increase the survivorship protection of spouses of employees and future annuitants.

Mr. CHAIRMAN, the House Post Office and Civil Service Committee held extensive hearings on annuity-increase pro-

posals, and the committee has recognized the urgent need of retirees living on fixed incomes. The committee is to be commended for reporting out H.R. 8469. I believe it is a fair bill and I support it. I believe it will benefit annuitants and survivors who are most in need.

H.R. 8469 will provide increases totaling about 5.2 percent in all annuities based on service which terminated after October 1, 1956, and it will provide a 10.2-percent increase in all annuities based on service which terminated prior to October 1, 1956. The bill also provides up to 15-percent increase in the annuities of widows of persons who retired or who died prior to April 1, 1948. It will change the plan for automatic annuity increases to match increases in the cost of living, and will liberalize survivor annuities for persons who retire in the future.

Mr. CHAIRMAN, I voice my support of H.R. 8469. The increased cost of living in recent years makes this adjustment in annuities imperative, and I call upon my colleagues in the House to join me in supporting this bill.

Mr. BINGHAM. Mr. Chairman, I am pleased to support H.R. 8469 which provides increases in annuities payable from the civil service retirement and disability fund.

The adjustments proposed in this legislation will appreciably relieve the economic burdens of Federal civil service retirees and survivors presently on the annuity rolls. The record shows that the bulk of the 700,000 civil service retirees and survivors are receiving annuities of much less than \$3,000 yearly—the borderline below which a married couple is included in the poverty class. Compounding the effect of the reduced income, these civil service retirees and survivors generally face higher medical expenses and a mounting cost of living. Benefits for those who have served their country have lagged far behind rising prices.

H.R. 8469 provides fair and reasonable adjustments to benefit these annuitants and survivors. It provides approximately a 10.2 percent adjustment in those annuities which commenced on or before October 1, 1956, and 5.2 percent in those which commenced thereafter. The difference in relief is aimed at closing approximately one-half of the gap in annuity improvements for the pre-1956 retirees as compared to improvements which benefited the post-1956 retirees.

The bill also fulfills a moral obligation on the part of the Government in providing for a 5-percent increase in the share of annuities for some 43,000 elderly widows of employees of annuitants who passed away at a time prior to the enactment of survivor protection. In addition, the bill would remedy a serious defect in application of the cost-of-living principle in the 1962 amendments to the Retirement Act. While the bill will not alter the substantive policy of the Retirement Act, the revision provides for reflecting rises in the Consumer Price Index on a current basis. That is, whenever the index increases by 3 percent or more for 3 consecutive months after any previous increase resulting from this

feature, the level of annuities will be raised.

I hope and trust that passage of the bill will not jeopardize the chances for improvements in the health benefits program for retired Federal employees. This is a commitment contained in the Conference Report on Social Security Act Revisions—one we must redeem.

In passing H.R. 8469 Congress will demonstrate its ability to meet responsibilities to our senior citizens who devoted their most productive years to the service of our Government.

Mr. MORSE. Mr. Chairman, I hope that the House will give prompt approval to this long overdue legislation. While more and more groups in our society have moved forward to full participation in our economy and our national growth, the men and women who have served our Government faithfully over the years have been left behind.

We should never have permitted the income of the majority of the 700,000 annuitants and their survivors fall below the \$3,000 poverty level. Now we have an opportunity to right this wrong and guard against such developments in the future.

This bill will increase the annuities of those who retired on or before October 1, 1956, by approximately 10.2 percent and the annuities of those who retired after that date by approximately 5.2 percent. This difference is necessary to close the gap in the pensions now available to those early retirees. The 1956 amendments were of great benefit to those who retired after that date, but did nothing for those already retired. This legislation will not right the balance completely, but it goes a long way toward that goal.

The other significant amendment would change the formula for the determination of the cost-of-living increases. According to the findings of the Post Office and Civil Service Committee, this automatic provision has not worked successfully because of the lag between the increase in the cost of living and its reflection in the annuity checks. This measure, by providing for immediate reflection in the annuities after a 3-month period of 3-month increases in the index, should give those on fixed incomes immediate relief from inflation. I urge the passage of H.R. 8469.

Mr. ADDABBO. Mr. Chairman, I rise in support of H.R. 8469, legislation which it is imperative that we enact and which is long overdue.

We all know from our own experience how rising costs hit each of us. However, I am sure that no one feels the effects of the rising cost of living more than annuitants living on fixed incomes. The bill before us provides for a much-needed increase for the primary beneficiaries, and, furthermore, it provides increases to bring more closely together the annuities of those who retired prior to October 1, 1956, and those who retired after that date and who have thus far fared better than the "prior to October 1, 1956, group."

It is to the credit of the Committee on Post Office and Civil Service Committee that it has seen the need to provide

higher percentage increases for the approximately 43,000 elderly widows of employees who passed away before survivor protection was enacted into law. The gratuity payment they receive under existing law averages only \$44 per month, absolutely inadequate.

Our Federal retirees are at the age where many are chronically ill or can expect more disabling illnesses than the general population—we all know the costs of medical care, medicines, and hospitalization. This group can least afford it. The bill before us today will not solve all the problems of our annuitants, but it will be a big help.

Mr. Chairman, I was a member of the Committee on Post Office and Civil Service in 1962 when we enacted legislation to provide for an automatic increase in annuities, based upon the consumer price index. Unfortunately, the cost-of-living adjustment provision has not worked out as well as we had anticipated. The bill before us today seeks to correct this, and future increases in the consumer price index will be more quickly reflected in annuity benefits.

Mr. Chairman, I can recall no legislation which has evoked such support since I have been in Congress. I have received a great deal of mail on this subject and not one letter or postal card has been against this legislation.

As I have stated, this legislation is overdue, I support it wholeheartedly, and I urge my colleagues to do the same.

Mr. EDMONDSON. Mr. Chairman, I support H.R. 8469 and urge its approval.

This bill is urgently needed to meet the problem of rising living costs for our civil service retirees and survivors. For many, the need is desperate and this action is already in the category of "too little and too late."

Certainly this great Government, which commands our common allegiance, should not delay any longer in assuring at least a minimum opportunity for a dignified and decent retirement to millions who have served America honorably and well.

This bill should be approved without a dissenting vote in the Congress, and speedily sent to the President.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

H.R. 8469

A bill to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1(t) of the Civil Service Retirement Act, as amended (5 U.S.C. 2251(t)), is amended to read as follows:

"(t) The term 'price index' shall mean the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics. The term 'base month' shall mean the month for which the price index showed a per centum rise forming the basis for a cost-of-living annuity increase."

"(b) Section 17(a) of such Act, as amended (5 U.S.C. 2267(a)), is amended by inserting immediately before the period at the end thereof the following: ", and for payment of administrative expenses incurred by the

Commission in placing in effect such annuity adjustment granted under section 18 of this Act".

(c) Section 18 of such Act, as amended (5 U.S.C. 2268), is amended to read as follows:

"SEC. 18. (a) Effective the first day of the third month which begins after the date of enactment of this amendment each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by (1) the per centum rise in the price index, adjusted to the nearest one-tenth of 1 per centum, determined by the Commission on the basis of the annual average price index for calendar year 1962 and the price index for the month latest published on date of enactment of this amendment, plus (2) 6½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred on or before October 1, 1956, or 1½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred after October 1, 1956. The month used in determining the increase based on the per centum rise in the price index under this subsection shall be the base month for determining the per centum change in the price index until the next succeeding increase occurs. Each survivor annuity authorized (1) by section 8 of the Act of May 29, 1930, as amended to September 1, 1950, or (2) by section 2 of Public Law 85-465, shall be increased by any additional amount which may be required to make the total increase under this subsection equal to 15 per centum or \$10 per month, whichever is the lesser.

"(b) Each month after the first increase under this section, the Commission shall determine the per centum change in the price index. When the Commission determines that the price index has for three consecutive months shown a rise of at least 3 per centum over the price index for the base month, the following adjustment shall be made:

"(1) Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months, each annuity payable from the funds which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.

"(c) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

"(1) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 10(d)), which annuity commences the day after annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death, except that the increase in a survivor annuity authorized by section 8 of the Act of May 29, 1930, as amended to September 1, 1950, shall be computed as if the annuity commencing date had been prior to the effective date of the first increase under this section.

"(2) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 10(d), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section and, in case of a deceased annuitant, the items 40 per centum and 50

per centum appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death.

"(d) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

"(e) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall after adjustment reflect an increase of at least \$1."

SEC. 2. Section 10 of the Civil Service Retirement Act, as amended (5 U.S.C. 2260), is amended by striking out "55" wherever it appears therein and inserting in lieu thereof "60". This amendment shall not apply with respect to employees or Members retired or otherwise separated prior to the date of enactment of this Act.

SEC. 3. The provisions under the heading "CIVIL SERVICE RETIREMENT AND DISABILITY FUND" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: (1) Page 2, line 7, strike out "such" and insert in lieu thereof "each".

(2) Page 3, line 7, strike out "September 1, 1950," and insert in lieu thereof "July 6, 1950".

(3) Page 3, line 14, strike out all matter after the period in such line and all that follows down through the period in line 2 on page 4 and insert in lieu thereof the following:

"Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum:".

(4) Page 4, line 16, strike out "September 1, 1950," and insert in lieu thereof "July 6, 1950".

(5) Page 4, lines 17 and 18, strike out the words "prior to".

(6) Page 4, line 25, immediately before the comma insert "for employee annuities which commenced after October 1, 1956".

The committee amendments were agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. STRATTON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes, pursuant to House Resolution 471, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced the ayes had it.

Mr. DULSKI. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 394, nays 0, not voting 40, as follows:

[Roll No. 220]

YEAS—394

Abbitt	Conyers	Goodell	Lipscomb	Passman	Sickles
Abernethy	Cooley	Grabowski	Long, La.	Patman	Sikes
Adair	Corbett	Gray	Long, Md.	Patten	Skubitz
Adams	Corman	Green, Pa.	Love	Pelly	Slack
Addabbo	Craley	Greigg	McClory	Pepper	Smith, Calif.
Albert	Cramer	Grider	McCulloch	Perkins	Smith, Iowa
Anderson, Ill.	Culver	Griffin	McDade	Philbin	Smith, N.Y.
Anderson, Tenn.	Cunningham	Griffiths	McDowell	Pickle	Smith, Va.
Andrews,	Curtin	Gross	McEwen	Pike	Springer
George W.	Curtis	Grover	McFall	Pirnie	Stafford
Andrews,	Daddario	Gubser	McGrath	Poage	Staggers
Dague	Gurney	Hagan, Ga.	McVicker	Poff	Stalbaum
Glenn	Daniels	Hagen, Calif.	Macdonald	Pool	Stanton
Andrews, N. Dak.	Davis, Ga.	Haley	MacGregor	Price	Steed
Annunzio	Davis, Wis.	Hall	Machen	Pucinski	Stephens
Arends	Dawson	Halleck	Mackay	Purcell	Stratton
Ashbrook	de la Garza	Halpern	Mackie	Quie	Stubblefield
Ashley	Delaney	Hamilton	Madden	Quillen	Sullivan
Ashmore	Devon	Hanley	Mahon	Race	Sweeney
Aspinall	Dickinson	Hanna	Mailliard	Randall	Talcott
Ayres	Diggs	Hansen, Idaho	Marsh	Redlin	Teague, Calif.
Baldwin	Dingell	Hansen, Iowa	Martin, Ala.	Reid, Ill.	Teague, Tex.
Bandstra	Dole	Hansen, Wash.	Martin, Nebr.	Reid, N.Y.	Tenzer
Baring	Donohue	Hardy	Mathias	Reifel	Thompson, N.J.
Barrett	Dorn	Harris	Matsunaga	Reinecke	Thompson, Tex.
Bates	Dow	Harsha	Matthews	Resnick	Thomson, Wis.
Beckworth	Dowdy	Harvey, Ind.	May	Reuss	Todd
Belcher	Downing	Harvey, Mich.	Meeds	Rhodes, Ariz.	Trimble
Bell	Dulski	Hathaway	Michel	Rhodes, Pa.	Tuck
Bennett	Duncan, Tenn.	Hawkins	Miller	Rivers, S.C.	Tunney
Betts	Dwyer	Hebert	Mills	Roberts	Tupper
Blatnik	Dyal	Hechler	Minish	Robison	Tutun
Boland	Edmondson	Helstoski	Mink	Rodino	Udall
Bolton	Edwards, Ala.	Henderson	Minshall	Rogers, Colo.	Utt
Bow	Edwards, Calif.	Herlong	Mize	Rogers, Fla.	Van Deerlin
Brademas	Ellsworth	Hicks	Moeller	Rogers, Tex.	Vanik
Bray	Erlenborn	Horton	Monagan	Ronan	Vigorito
Brock	Evans, Colo.	Howard	Moore	Rooney, N.Y.	Waggoner
Brooks	Everett	Hull	Moorhead	Rooney, Pa.	Walker, N. Mex.
Broomfield	Evins, Tenn.	Hungate	Morgan	Roosevelt	Watkins
Brown, Calif.	Fallon	Huot	Morris	Rosenthal	Watson
Brown, Ohio	Farbstein	Hutchinson	Morrison	Rostenkowski	Weltner
Broyhill, N.C.	Farnsley	Ichord	Morse	Roudebush	Whalley
Broyhill, Va.	Farnum	Irwin	Mosher	Roush	White, Idaho
Buchanan	Fascell	Jacobs	Moss	Rumsfeld	White, Tex.
Burke	Felgham	Jarman	Multer	Ryan	Whitener
Burleson	Findley	Jennings	Murphy, Ill.	Satterfield	Whitten
Burton, Calif.	Fino	Joelson	Murphy, N.Y.	St Germain	Widnall
Burton, Utah	Fisher	Johnson, Calif.	Murray	St. Onge	Williams
Byrne, Pa.	Flood	Johnson, Okla.	Natcher	Saylor	Willis
Byrnes, Wis.	Flynt	Johnson, Pa.	Nedzi	Scheuer	Wilson, Charles H.
Cabell	Fogarty	Jonas	Nix	Schisler	Wolf
Callan	Foley	Jones, Ala.	O'Brien	Schmidhauser	Wyatt
Callaway	Ford, Gerald R.	Karsten	O'Hara, Ill.	Schneebeli	Wydler
Cameron	Ford,	Karth	O'Hara, Mich.	Schweiker	Young
Carter	William D.	Kastenmeier	O'Konski	Scott	Younger
Casey	Fountain	Kee	Olsen, Mont.	Secret	Zablocki
Cederberg	Fraser	Keith	Olson, Minn.	Selden	
Celler	Frelinghuysen	Kelly	O'Neal, Ga.	Senner	
Chamberlain	Friedel	King, Callf.	O'Neill, Mass.	Shipley	
Chelf	Fulton, Pa.	King, N.Y.	Derwinski	Shriver	
Clancy	Fulton, Tenn.	King, Utah	Duncan, Oreg.		
Clark	Fuqua	Kirwan	Morton		
Clausen, Don H.	Gallagher	Kluczynski	Green, Oreg.		
Clawson, Del	Garmatz	Kornegay	Nelsen		
Cleveland	Gathings	Krebs			
Clevenger	Gettys	Kunkel			
Cohelan	Gaimo	Landrum			
Collier	Gibbons	Langen			
Conable	Gilbert	Latta			
Conte	Gilligan	Leggett			
	Gonzalez	Lennon			

NAYS—0

NOT VOTING—40

Battin	Hays	Powell
Berry	Holifield	Rivers, Alaska
Bingham	Holland	Roncalio
Boggs	Hosmer	Royal
Bolling	Jones, Mo.	Sisk
Bonner	Keogh	Taylor
Cahill	Laird	Thomas
Carey	Lindsay	Toll
Colmer	McCarthy	Ullman
Dent	McMillan	Vivian
Derwinski	Martin, Mass.	Walker, Miss.
Duncan, Oreg.	Morton	Watts
Green, Oreg.	Nelsen	Wright

So the bill was passed.

The Clerk announced the following pairs:

Mr. Keogh with Mr. Laird.
Mr. Thomas with Mr. Battin.
Mr. Toll with Mr. Morton.
Mr. Taylor with Mr. Berry.
Mr. Bonner with Mr. Hosmer.
Mrs. Green of Oregon with Mr. Martin of Massachusetts.
Mr. Boggs with Mr. Lindsay.
Mr. Rivers of Alaska with Mr. Derwinski.
Mr. Bingham with Mr. Nelsen.
Mr. Holifield with Mr. Walker of Mississippi.
Mr. Colmer with Mr. Vivian.
Mr. Roncalio with Mr. Carey.
Mr. Dent with Mr. Duncan of Oregon.
Mr. McCarthy with Mr. Powell.
Mr. Hays with Mr. Royal.
Mr. Sisk with Mr. Holland.
Mr. Watts with Mr. Ullman.
Mr. Wright with Mr. McMillan.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. DANIELS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

MRS. HARLEY BREWER

Mr. ASHMORE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1198) for the relief of Mrs. Harley Brewer, a bill similar to House bill H.R. 5915, as passed by the House today on the call of the Private Calendar.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Harley Brewer (or, in the event of her death, to her estate) of San Ildefonso Pueblo, New Mexico, the widow of Harley Brewer, the sum of \$4,500. The payment of such sum shall be in full satisfaction of all the claims of the said Harley Brewer against the United States for compensation authorized to be paid to him by Private Law 88-360, approved October 14, 1964, but which was not so paid to the said Harley Brewer by reason of his death prior to enactment of the said private law: Provided, That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. ASHMORE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHMORE: Strike out all after the enacting clause of the bill S. 1198, and insert the provisions of H.R. 5915 as passed today.

The amendment was agreed to.

The bill was ordered to be read a third time, and was read the third time and passed.

A similar House bill (H.R. 5915) was laid on the table.

A motion to reconsider was laid on the table.

CORRECTION OF THE RECORD

Mr. O'HARA of Illinois. Mr. Speaker, yesterday in my remarks on Dahomey Independence Day I referred to President

Hubert Maga—CONGRESSIONAL RECORD, page 18267, line 12.

Mr. Maga has not been President since 1963 when the Government fell in a military coup. The President of Dahomey is Sourou-Migan Apithy. I ask unanimous consent that my remarks on page 18267 of the CONGRESSIONAL RECORD of August 2, 1965, be corrected accordingly and for my colleague, the gentleman from Illinois [Mr. MURPHY] I ask unanimous consent for a similar correction in his remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CORRECTION OF ROLLCALL

Mr. O'KONSKI. Mr. Speaker, on roll-call No. 216 yesterday I was not recorded. I was present and voted "yea." I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CORRECTION OF SALARY INEQUITIES FOR OVERSEAS TEACHERS

Mr. UDALL. Mr. Speaker, pursuant to the resolution, House Resolution 483, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6845) to correct inequities with respect to the basic compensation of teachers and teaching positions under the Defense Department Overseas Teachers Pay and Personnel Practices Act.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6845, with Mr. STRATTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arizona [Mr. UDALL] will be recognized for 30 minutes and the gentleman from Pennsylvania [Mr. CORBETT] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, let me say that I am advised this is the last legislative business scheduled for today. I have discussed this with the managers on the minority side, and we believe, with the cooperation of the House, we can dispose of the general debate in perhaps 20 minutes.

There are no controversial amendments of which I know except one. I intend to urge the House to accept one amendment which will be offered by my friend from North Carolina [Mr. BROYHILL].

I would urge those Members who might be inclined to vote with me on this amendment to stay seated in these comfortable chairs. I know you have

had a busy day. You will not wish to wander. On the other hand, I would understand that those who might want to vote against me on an amendment do have business back in their offices. We will let them know if we should have a rollcall vote.

I have prepared a very learned and eloquent statement on this bill.

Mr. Chairman, the real issue presented in the bill before us is whether or not the children of our military and civilian personnel assigned to overseas posts are to be denied educational opportunities equal to those they would have were they in the United States.

To provide these children educations of American caliber requires, first of all, that they have not only teachers in sufficient numbers but, especially, teachers of sufficient quality. One thing is certain; we get only what we pay for. If our budgets for goods or services are miserly and below the going market rate for sound goods and services, then we can expect to receive only shoddy goods and inferior services. I hardly think anyone can quarrel with this basic economic principle.

Most regrettably—and I believe through honest misunderstanding—we have forced our overseas dependents school system into the untenable position of paying cut-rate salaries to teachers while at the same time demanding the first-class qualities to which American children are entitled although they are in foreign areas because their parents are there looking to the worldwide interests of the United States.

The purpose of H.R. 6845—to provide an adequate salary structure for overseas dependents schools—was also one of the major purposes of Public Law 86-91. This is the one important purpose of that law in which the Department of Defense has failed completely.

Our Subcommittee on Compensation this year conducted an exhaustive review of events leading up to enactment of Public Law 86-91, as well as all pertinent new information and evidence presented in our extensive public hearings. We consulted in detail with representatives of the Department of Defense, the military departments, the overseas teachers, the National Education Association, the American Legion, and other authorities—and with senior members of our committee who developed and drafted the legislation that became Public Law 86-91. They all support the principles of H.R. 6845.

The chief misunderstanding that has clouded perspective in the matter of overseas teachers' salaries relates to the frame of reference in which the bill that became Public Law 86-91 was written. Before our committee reported the bill the Department of Defense had prepared draft regulations which it assured the committee would be placed in effect upon enactment. Therefore, it was in direct consideration of those proposed regulations that the language of the law was carefully prepared to coincide. The key operating principle of the regulations was that salaries of overseas teachers should be fixed in relation to salary rates

89TH CONGRESS
1ST SESSION

H. R. 8469

IN THE SENATE OF THE UNITED STATES

AUGUST 4 (legislative day, AUGUST 3), 1965

Read twice and referred to the Committee on Post Office and Civil Service

AN ACT

To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 1(t) of the Civil Service Retirement Act,
4 as amended (5 U.S.C. 2251(t)), is amended to read as
5 follows:

6 “(t) The term ‘price index’ shall mean the Consumer
7 Price Index (all items—United States city average) pub-
8 lished monthly by the Bureau of Labor Statistics. The term
9 ‘base month’ shall mean the month for which the price index

1 showed a per centum rise forming the basis for a cost-of-
2 living annuity increase.”

3 (b) Section 17 (a) of such Act, as amended (5 U.S.C.
4 2267 (a)), is amended by inserting immediately before the
5 period at the end thereof the following: “, and for payment
6 of administrative expenses incurred by the Commission in
7 placing in effect each annuity adjustment granted under
8 section 18 of this Act”.

9 (c) Section 18 of such Act, as amended (5 U.S.C.
10 2268), is amended to read as follows:

11 “SEC. 18. (a) Effective the first day of the third month
12 which begins after the date of enactment of this amendment
13 each annuity payable from the fund which has a commencing
14 date not later than such effective date shall be increased by
15 (1) the per centum rise in the price index, adjusted to the
16 nearest one-tenth of 1 per centum, determined by the Com-
17 mission on the basis of the annual average price index for
18 calendar year 1962 and the price index for the month latest
19 published on date of enactment of this amendment, plus (2)
20 6½ per centum if the commencing date (or in the case of the
21 survivor of a deceased annuitant the commencing date of the
22 annuity of the retired employee) occurred on or before
23 October 1, 1956, or 1½ per centum if the commencing date
24 (or in the case of the survivor of a deceased annuitant the
25 commencing date of the annuity of the retired employee)

1 occurred after October 1, 1956. The month used in deter-
2 mining the increase based on the per centum rise in the
3 price index under this subsection shall be the base month for
4 determining the per centum change in the price index until
5 the next succeeding increase occurs. Each survivor annuity
6 authorized (1) by section 8 of the Act of May 29, 1930,
7 as amended to July 6, 1950, or (2) by section 2 of Public
8 Law 85-465, shall be increased by any additional amount
9 which may be required to make the total increase under this
10 subsection equal to 15 per centum or \$10 per month, whichever
11 ever is the lesser.

12 “(b) Each month after the first increase under this sec-
13 tion, the Commission shall determine the per centum change
14 in the price index. “Effective the first day of the third
15 month which begins after the price index shall have equaled
16 a rise of at least 3 per centum for three consecutive months
17 over the price index for the base month, each annuity pay-
18 able from the fund which has a commencing date not later
19 than such effective date shall be increased by the per centum
20 rise in the price index (calculated on the highest level of the
21 price index during the three consecutive months) adjusted
22 to the nearest one-tenth of 1 per centum.”;

23 “(c) Eligibility for an annuity increase under this sec-
24 tion shall be governed by the commencing date of each an-

1 nuity payable from the fund as of the effective date of an
2 increase, except as follows:

3 “(1) Effective from its commencing date, an an-
4 nuity payable from the fund to an annuitant's survivor
5 (other than a child entitled under section 10(d)),
6 which annuity commences the day after annuitant's
7 death and after the effective date of the first increase
8 under this section, shall be increased by the total per
9 centum increase the annuitant was receiving under this
10 section at death, except that the increase in a survivor
11 annuity authorized by section 8 of the Act of May 29,
12 1930, as amended to July 6, 1950, shall be computed
13 as if the annuity commencing date had been the effective
14 date of the first increase under this section.

15 “(2) For purposes of computing an annuity which
16 commences after the effective date of the first increase
17 under this section to a child under section 10(d), the
18 items \$600, \$720, \$1,800, and \$2,160 appearing in sec-
19 tion 10(d) shall be increased by the total per centum
20 increase allowed and in force under this section for
21 employee annuities which commenced after October 1,
22 1956, and, in case of a deceased annuitant, the items
23 40 per centum and 50 per centum appearing in section
24 10(d) shall be increased by the total per centum increase

allowed and in force under this section to the annuitant at death.

“(d) No increase in annuity provided by this section
shall be computed on any additional annuity purchased at
any time by voluntary contributions.

“(e) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall after adjustment reflect an increase of at least \$1.”

10 SEC. 2. Section 10 of the Civil Service Retirement Act,
11 as amended (5 U.S.C. 2260), is amended by striking out
12 "55" wherever it appears therein and inserting in lieu
13 thereof "60". This amendment shall not apply with respect
14 to employees or Members retired or otherwise separated
15 prior to the date of enactment of this Act.

16 SEC. 3. The provisions under the heading "CIVIL SERV-
17 ICE RETIREMENT AND DISABILITY FUND" in title I of the
18 Independent Offices Appropriation Act, 1959 (72 Stat.
19 1064; Public Law 85-844), shall not apply with respect
20 to benefits resulting from the enactment of this Act.

Passed the House of Representatives August 3, 1965.

Attest: RALPH R. ROBERTS,
Clerk.

AN ACT

To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

AUGUST 4 (legislative day, AUGUST 3), 1965

Read twice and referred to the Committee on Post Office and Civil Service

AN ACT

TO AMEND THE MIGRATION ACT,
1943, SO AS TO AUTHORIZE
THE GOVERNMENT TO MAKE
REGULATIONS FOR THE
PROTECTION OF MIGRANTS.

WHEREAS it is expedient to make regulations for the protection of migrants;

IT IS ENACTED by the Parliament of India in the Year of Our Lord One Thousand Nine Hundred and Forty-Eight:

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued August 23, 1965
For actions of August 20, 1965
89th-1st; No. 154

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HIGHLIGHTS: Sen. McGovern criticized "shipping restriction" on sales of wheat to Russia. Rep. Giaimo opposed farm bill.

SENATE

1. MILITARY CONSTRUCTION APPROPRIATION BILL. Passed with amendments this bill, H. R. 10323, which includes funds to repay CCC for certain family housing projects financed from foreign currencies (pp. 20405, 20409-16). Conferees were appointed (p. 20416). House conferees have not yet been appointed.
2. RECLAMATION. Passed without amendment H. R. 485, to authorize construction of the Auburn-Folsom South unit, American River division, Central Valley project, Calif. (pp. 20416-8). This bill will now be sent to the President. A similar bill, S. 599, was indefinitely postponed.

3. PERSONNEL; RETIREMENT. The "Daily Digest" states that a subcommittee of the Post Office and Civil Service Committee "ordered favorably reported to the full committee section I of H. R. 8469, providing cost-of-living increases in annuities payable from the civil service retirement and disability fund" and "reported to the full committee without recommendation section II of this bill, which deals with retirement ages." p. D826
4. WHEAT. Sen. McGovern stated that "the regrettable shipping restriction which makes it impossible for the United States to sell wheat to Russia and Eastern Europe cannot be defended on any rational ground," and inserted an editorial in support of his position. p. 20439
5. PUBLIC WORKS APPROPRIATION BILL. This bill, H. R. 9220, was made the unfinished business. p. 20441
6. SOIL CONSERVATION. Sen. Proxmire inserted a Wisc. Legislature resolution protesting "the cut of \$20 million in conservation technical assistance and of \$100 million in cost-sharing for conservation and resource development works on privately owned lands proposed by the U. S. Bureau of the Budget." pp. 20442-3
7. POVERTY. Sen. Miller inserted and commended an editorial and an article critical of administration of the poverty program. pp. 20418-21
8. SMALL BUSINESS. Received the annual report of the Select Committee on Small Business (S. Rept. 635). p. 20426
9. PATENTS. Sen. Nelson inserted an article reviewing Sen. Morse's testimony on legislation to provide a uniform patent policy and stating that he denounced a provision in proposed legislation which "would permit title to Government-financed discoveries to be vested in contractors that make them." p. 20427
10. RESEARCH. Sen. Harris commended the appointment by Sen. McClellan, chairman of the Government Operations Committee, of a Special Subcommittee on Government Research to conduct investigations into the operations of Federal research and development programs. pp. 20439-40
11. FOREIGN AID. Sen. Proxmire commended the Alliance for Progress on its fourth anniversary. p. 20444
12. STATISTICS. Sen. Proxmire commended recent revisions in our economic statistic and inserted an article, "Measuring the Economy - Gross Product is Revised Upward in New Statistics from Government." pp. 20447-8
13. LEGISLATIVE PROGRAM. Sen. Mansfield stated that the public works appropriation bill will be considered on Mon., followed by consideration of the conference report on the foreign aid authorization bill, FPC jurisdiction over REA cooperatives, and the conference report on the State-Justice-Commerce-Judicial appropriation bill. p. 20452
14. ADJOURNED until Mon., Aug. 23. p. 20455

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.
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POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
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Issued
For actions of
August 26, 1965
August 25, 1965
89th-1st, No. 157

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HIGHLIGHTS: Senate debated bill to exempt REA coops from FPC jurisdiction. Sen. Carlson submitted amendment to farm bill to prohibit CCC sales of wheat at less than 110 percent of price support. Sen. Young, N. Dak., defended price supports for farm commodities. House passed appropriations continuing resolution. Rep. Nelsen urged action on sugar legislation. Rep. Cooley stated blanketing of farm labor under minimum wage would result in rise in food and fiber costs. Rep. Findley inserted list of Sugar Act payments.

SENATE

1. ELECTRIFICATION. Began debate on S. 1459, to amend the Federal Power Act so as to exempt from the regulatory jurisdiction of the Federal Power Commission any cooperative or nonprofit membership organization which is financed by the Rural Electrification Administration. pp. 20931-4

Received from REA a report "on the approval of a loan to the Big Rivers Rural Electric Cooperative Corp., of Henderson, Ky., in the amount of \$3,352,-000, for the financing of certain transmission facilities." p. 20850

2. DEFENSE DEPARTMENT APPROPRIATION BILL. By a vote of 89 to 0, passed with amendments this bill, H. R. 9221 (pp. 20896-927). Conferees were appointed (p. 20927). House conferees have not yet been appointed. This bill includes a provision authorizing the Defense Department to purchase milk for enlisted personnel which was previously furnished without charge by CCC.
3. MARKETING ORDERS; FRUITS AND VEGETABLES. The Agriculture and Forestry Committee reported without amendment S. 2092, to permit marketing orders applicable to celery, sweet corn, limes, or avocados to provide for paid advertising (S.Rept. 648). p. 20851
4. WHEAT. Sen. Carlson submitted an amendment intended to be proposed to the farm bill when it is considered to provide that CCC shall not make any sales of wheat at less than 110 percent of current support prices plus reasonable carrying charges. p. 20856
5. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) H. R. 8469, with amendment, to provide certain increases in civil service retirement annuities, and S. 2393, to authorize additional GS-16, GS-17, and GS-18 positions for use in agencies or functions created or substantially expanded after June 30, 1965. p. D842
Passed without amendment S. 1474, to create a bipartisan commission to study the laws limiting political activity by Federal employees. pp. 20876-7
Sen. Neuberger inserted her testimony in support of passage of H. R. 8469, to provide certain increases in civil service retirement annuities. pp. 20887-8
6. LANDS. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendments S. 1674, to authorize the Secretary of the Interior to make disposition of geothermal steam and associated geothermal resources. p. D841
The "Daily Digest" states that the Interior and Insular Affairs Committee "reconsidered its action of August 12 when it approved for reporting with amendment S. 897, to establish the St. Croix National Scenic Waterway, Minn. and Wis., adopted additional amendments thereto, and ordered the bill reported to the Senate." p. D841
The "Daily Digest" states that the Interior and Insular Affairs Committee "considered, but took no final action on, S. 1446, reserving certain public lands for the establishment of a National Wild Rivers System." p. D842
7. FARM PRICES. Sen. Young, N. Dak., defended farm price support programs as a means of supporting farm income and inserted two items in support of his position. pp. 20886-7
8. PATENTS. Sen. Neuberger inserted Sen. Long's testimony before the Subcommittee on Patents, Trademarks, and Copyrights expressing his views on Government patent policy. pp. 20888-90
9. FARM LABOR. Sen. Smith criticized Secretary of Labor Wirtz' decision that it would not be necessary to import Canadian workers to harvest the apple crop in Maine this year. p. 20894
10. FOREIGN AID. Sen. Javits inserted and commended a summary of the report of the Advisory Committee on Private Enterprise in Foreign Aid. pp. 20927-31
11. DISASTER RELIEF. Received from the President "a report on actions taken by five Federal departments and agencies to assist in the recovery of Alaska following the earthquake of March 27, 1964, for the 6-month period ended June 30, 1965." p. 20850

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.
OFFICIAL BUSINESS

20250

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
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Issued
For actions of
Aug. 31, 1965
Aug. 30, 1965
89th-1st; No. 159

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HIGHLIGHTS: Senate passed appropriation continuing resolution. Sen. Fulbright urged sale of wheat to Russia. Rep. Findley urged caution in drafting new sugar legislation, and criticized possible "new wheat deal" with Russia. Sen. Ribicoff introduced and discussed pesticide control bill. Rep. St. Onge urged nationwide marketing order for eggs. Rep. Cooley criticized proposed New Castle poultry loans.

SENATE

1. **HOUSING.** Agreed to the conference report on H. R. 6927, to provide for the establishment of a Department of Housing and Urban Development (pp. 21388-90). The bill includes a provision directing the President to undertake studies of the organization of housing and urban development programs within the Federal Government and to provide Congress with the results of such studies together with recommendations regarding the possible transfer of functions and programs to or from the Department.

2. APPROPRIATIONS. Passed without amendment H. J. Res. 639, the appropriations continuing resolution, which Sen. Hayden stated "extends from August 31 to September 30 existing provisions of law, providing funds for the operation of those agencies of Government for which the regular appropriation bills for the fiscal year 1966 have not yet been enacted" (p. 21388). This measure will now be sent to the President.
3. MARKETING ORDERS. Passed without amendment S. 2092, to permit inclusion of provisions for paid advertising in marketing orders applicable to celery, sweet corn, limes, or avocados. p. 21404
4. EDUCATION. The "Daily Digest" states that on Fri., Aug. 27, a subcommittee of the Labor and Public Welfare Committee "approved for full committee consideration with amendments S. 600, proposed Higher Education Act of 1965." p. D857
5. PERSONNEL. The Post Office and Civil Service Committee reported S. 2393, with out amendment, to authorize additional GS-16, GS-17, and GS-18 positions for use in agencies or functions created or substantially expanded after June 30, 1965 (S. Rept. 652), and H. R. 8469, with amendments, to provide certain increases in annuities payable from the civil service retirement and disability fund (S. Rept. 653). p. 21377
6. DEFENSE DEPARTMENT APPROPRIATION BILL. Conferees were appointed by both Houses on this bill, H. R. 9221. pp. 21275, 21374
7. WHEAT; FOREIGN TRADE. Sen. Fulbright urged that the U.S. sell wheat to Russia and inserted an article, "Most Canadians Backing Sales of Wheat to Communist Lands." p. 21395
8. DISASTER RELIEF. Sen. Jackson inserted the report of the President on actions taken by the Government to assist in the recovery of Alaska following the earthquake in 1964, including actions of this Department. pp. 21398-8
9. FARM PROGRAM. Sen. Yarborough inserted a letter to the editor by James G. Patton, president of the National Farmers Union, calling "for sound farm bill and rural programs to stabilize our rural areas instead of forcing migration from the farms." p. 21397
Sen. Proxmire inserted a speech by Sen. Kennedy, N. Y., discussing various topics, including reference to the possibility of the U. S. "using all the capacity of its farmers to feed millions of poor people all over the world." pp. 21385-6
10. BALANCE OF PAYMENTS. Sens. Proxmire and Hartke inserted several items reviewing the balance of payments situation, including letters of Secretary of Commerce Connor and Budget Bureau Director Schultze on the matter. pp. 21386-8, 21454-5
11. NOMINATION. Received the nomination of Lawrence F. O'Brien to be Postmaster General (p. 21457). Sen. Mansfield commended the nomination and inserted the transcript of the President's news conference announcing the nomination (pp. 21374-7).
12. FOREIGN AID. Sen. Carlson stated that private enterprise and non-Government resources are important in our foreign aid program and inserted the report of the Advisory Committee on Private Enterprise in Foreign Aid. pp. 21393-4

Calendar No. 635

89TH CONGRESS }
1st Session }

SENATE }
 }

REPORT
No. 653

CIVIL SERVICE RETIREMENT ANNUITY INCREASES

AUGUST 30, 1965.—Ordered to be printed

) Mr. YARBOROUGH, from the Committee on Post Office and Civil Service, submitted the following

R E P O R T

[To accompany H.R. 8469]

The Committee on Post Office and Civil Service, to which was referred the bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

AMENDMENT

The committee has stricken out section 2 of the bill as passed by the House of Representatives.

This provision would, after the effective date of this act, increase from 55 to 60 percent the amount of a survivor's annuity. It would have no effect on presently existing survivor annuities or upon future survivor annuities based on annuities which commenced prior to the effective date of this act.

Last February, President Johnson appointed the Cabinet Committee on Federal Staff Retirement Systems. This Committee will report to the President not later than December 1, 1965. In 1966, Congress will have the benefit of their research and opinions concerning the full scope of Federal retirement systems. Rather than make changes at this time—changes which would affect only future survivor annuitants—the committee prefers to defer action until a comprehensive study of the provisions of the Retirement Act can be made.

PURPOSE OF THE BILL

Section 1 of H.R. 8469 will accomplish three things:

(1) Increase all annuities having a commencing date prior to October 1, 1956, by 11 percent.

- (2) Increase all annuities having a commencing date after October 1, 1956, by 6 percent.
- (3) Revise the method of determining cost-of-living increases.

PRE-1956 ANNUITIES

Congress in 1956 completely revised the Civil Service Retirement Act. Among other changes enacted was an upward revision of the formula used to compute annuities. This upward adjustment meant that all persons who retired after October 1, 1956, received a larger annuity than one who retired prior to that date even though both annuitants may have had the same high 5-year average salary and the same number of years of service. Adjustment in pre-1956 annuities were made in 1958, but the disparity between the two annuities has continued. To resolve this problem, at least in part, H.R. 8469 grants a greater increase to those who retired under the pre-1956 provisions of the law.

POST-1956 ANNUITIES

The increase in annuities for those who retired and received the benefits of the 1956 Retirement Act Amendments are increased by 6 percent. Section 1 also provides that survivor annuitants who receive an annuity based on the annuity of a deceased employee who died or retired prior to the enactment of the survivor annuity provisions of the 1948 Retirement Act Amendments shall receive an increase of 15 percent of the annuity or \$10, whichever is the lesser. These survivor annuitants receive an average of \$44 a month and are, in the opinion of the committee, deserving of special consideration. There are about 15,000 such survivor annuitants.

REVISION OF THE COST-OF-LIVING FORMULA

H.R. 8469 provides that instead of making an annual determination for adjusting civil service annuities in accordance with cost-of-living increases, the Commission shall make a monthly determination. Whenever the Consumer Price Index shows an increase of at least 3 percent for each of 3 consecutive months, all annuities shall be increased by the highest percentage (to the nearest tenth) shown in the 3-month period. This amendment will guarantee adjustments when prices go up and will eliminate the timelag now existing in the law.

PUBLIC HEARINGS

The Subcommittee on Retirement held public hearings August 12 and 13, 1965, on H.R. 8469. Representatives of Government agencies and many employee organizations testified in favor of enactment of this legislation. Evidence presented to the committee demonstrates the necessity for action to increase annuities for retired civilian employees of the Government. President Johnson has stated that a married couple living on less than \$3,000 a year is living on a poverty level. The committee heard evidence indicating that 62 percent of all civil service annuitants and 97 percent of all survivor annuitants receive less than \$200 a month.

COST

The annual cost of H.R. 8469 is \$101.9 million. The increases authorized by this legislation will increase the unfunded liability of the civil service retirement and disability fund by \$1,040 million.

SECTIONAL ANALYSIS

Section 1(a) redefines the Consumer Price Index to mean the monthly price average instead of the average over a full calendar year.

Section 1(a) also defines a new term, "base month" to mean the month referred to for determining an increase in annuities after the first increase granted by this act.

Section 1(b) would allow the Commission to use money in the retirement fund to pay the administrative expenses of increasing annuities instead of paying such expenses out of the Commission's budget.

This language is considered necessary because of the virtual impossibility of determining when a future increase will occur. Without adequate funds to pay the salaries and other expenses of administering an increase, delay in providing the increases could occur.

Section 1(c) increases the annuities of all persons who are entitled to receive a civil service annuity on the effective date of this act:

1. All annuities which commenced (or, if a survivor annuity, are based on annuities which commenced) on or before October 1, 1956 (the date of the major amendments to the retirement act), shall be increased by 6.5 percent of the annuity plus the increase in the cost of living as reflected in the Consumer Price Index from December 31, 1962, until the latest report of the Bureau of Labor Statistics. This will be an additional 4.5 percent, for a total increase of 11 percent.

2. All annuities which commenced after October 1, 1956, shall be increased by 1.5 percent plus the same increase in the cost of living noted immediately above. This will be a total increase of 6 percent.

Section 1(c) guarantees that any survivor whose annuity is based on the "free survivor annuity" language of the 1948 amendments or the "forgotten widow annuity" language of the 1958 amendment shall be increased by 15 percent of the annuity or \$10, whichever is the lesser.

Section 1(c) provides that the new "base month" for determining future increases shall be the month which showed the highest percentage increase in the cost of living over 3 percent during a period of 3 consecutive months which showed an average increase of at least 3 percent.

Existing law on the cost-of-living increase in retirement annuities provides that the Commission shall determine annually whether the cost of living has increased at least 3 percent from the base year (now 1962) until the year of the determination. If the increase is not 3 percent, the Commission waits until the following January 1 for another determination.

If the average increase is 3 percent, all annuities which commenced before January 2 of the preceding year are increased on April 1 following the determination. Under present law, therefore, there is a built-in, 15-month lag.

Section 1(c) changes this by providing for a monthly determination instead of an annual determination. Whenever the cost-of-living index shows for 3 consecutive months a rise of at least 3 percent from the "base month," annuities payable on the first day of the third month thereafter shall be increased by the highest percentage (to the nearest tenth) shown in any one of the 3 months. That month then becomes the new base month.

Section 1(c)(1) clarifies present law on the eligibility for receiving an annuity increase, eliminates the 15-month lag in receiving increases, and guarantees that survivor annuitants shall receive the increases previously received by the annuitant himself under this act up to the time of his death.

Section 1(c)(2) provides that the children survivors of deceased Federal employees who in the future will receive an annuity shall have the annuity increased by the percentage of increase given to annuitants who retired after October 1, 1956. If this language were not included, children survivors whose annuities commence after the effective date of the act would not receive the proper percentage relationship of annuity to salary as those children survivors whose parent died before the effective date of the act.

Section 1(d) prohibits inclusion of annuity purchased by voluntary contributions from the annuity upon which the increases are calculated.

Section 1(e) provides for calculation to the nearest dollar and guarantees everyone at least 1 dollar.

Section 2 provides that the benefits authorized by this act shall be paid out of the civil service retirement and disability fund. This provision will avoid the problem which faced all of our civil service retirees in 1963 when their annuity increases were delayed by 6 months because of the necessity of an appropriation by the Congress before the increases could be paid.

AGENCY VIEWS

Following are letters from the Chairman of the U.S. Civil Service Commission and the Bureau of the Budget on H.R. 8469.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., August 11, 1965.

Hon. A. S. MIKE MONRONEY,
Chairman, Committee on Post Office and Civil Service,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request for the official views of the Commission on H.R. 8469, a bill to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

Effective the first day of the third month which begins after enactment, section 1 of H.R. 8469 would provide the following adjustments in existing annuities:

1. All annuities would be increased by the same percentage as the rise in the Consumer Price Index from the annual average of calendar year 1962 to the month latest published on date of enactment. Through June 1965, this rise has been 4½ percent.

2. Annuities which began, or survivor annuities deriving from annuities which began, on or before October 1, 1956, would be further increased by 6½ percent; annuities which began after

October 1, 1956, would be further increased by 1½ percent. When combined with the 4½ percent cost-of-living increase, the total increase to each of these annuitant groups would be 11 and 6 percent, respectively.

3. Annuities of widows and widowers of former employees who died or retired before the survivorship amendments of 1948, which annuities were later awarded as gifts limited to \$50 or \$63 a month, would be further increased by an amount sufficient to make the total increase equal the lesser of 15 percent or \$10 a month.

For the future, annuities would be increased automatically to reflect changes in the cost of living. Such increases would occur whenever the monthly price index showed a rise of at least 3 percent for 3 consecutive months over the base month used for determining the most recent cost of living adjustment.

The bill would make the retirement fund available for the payment of benefits resulting from its enactment, and also for the payment of administrative expenses incurred by the Civil Service Commission in putting into effect the first and all subsequent annuity increases.

Section 2 of H.R. 8469 proposes that the annuities of eligible widows and widowers of employees who die in service or who retire and die after enactment will be 60 percent of the earned annuity or of the survivor base selected by the employee, instead of the 55 percent provided by existing law.

The initial annual cost of the annuity increases proposed by section 1 of H.R. 8469 is estimated to be \$101.9 million, with an increase in the unfunded liability of about \$1,040 million. Section 2 would increase the normal cost of the system by 0.18 percent of payroll. It would add \$817 million to the unfunded liability, and would incur an annual cost of approximately \$58 million on the normal cost plus interest basis. The total first-year cost of sections 1 and 2 would be \$102.4 million, and the unfunded liability would be increased by a total of \$1,857 million.

By memorandum dated February 1, 1965, the President created the Cabinet Committee on Federal Staff Retirement Systems under the chairmanship of the Director of the Bureau of the Budget. In that memorandum he directed a review of the whole structure of our retirement policies, including the pattern and amounts of benefit payments. He specifically requested examination of survivor benefits available under the various plans.

The Commission is of the opinion that it would be best to defer retirement legislation until it can be considered in the light of the findings and recommendations which will be included in the Committee report scheduled for completion by December 1, 1965. However, some justification can be found for immediate adjustment of existing annuities. In 1962 the Commission devised and submitted a plan for permanent adjustment of annuities to reflect changes in the cost of living, and that plan with minor revision was enacted as part of Public Law 87-793. Experience to date has shown that the mechanics for adjusting annuities to reflect living costs can be improved and the time element shortened by using the monthly price index instead of an annual average. Accordingly, the Commission will not object to enactment of H.R. 8469 insofar as it proposes adjustment of existing annuities to reflect changes in the cost of living.

We strongly recommend that section 2 be deleted from H.R. 8469. Section 2 is totally unrelated to the adjustment of existing annuities and proposes a major permanent liberalization in the retirement system. The proposal is made without regard to its relationship to other fringe benefits and without any demonstration of a need which would in any way justify its cost. It is the sort of piecemeal approach to retirement legislation which this administration seeks to check by the formulation of up-to-date policies in the light of the Cabinet Committee's study of the whole Federal retirement structure.

The Bureau of the Budget advises that enactment of H.R. 8469 would be inconsistent with the program of the President if it includes the provisions now in section 2 of the bill.

By direction of the Commission.

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 11, 1965.

Hon. A. S. MIKE MONRONEY,
Chairman, Committee on Post Office and Civil Service,
New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN; Reference is made to the committee's request for the views of the Bureau of the Budget respecting H.R. 8469, to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

The bill would increase all annuities payable to employees or their survivors who have retired under the Civil Service Retirement Act before the first day of the third month beginning after date of enactment. The annuity increase would be composed of two portions; first, an increase equal to the percentage increase in the Consumer Price Index since 1962 (which was 4.5 percent as of June 1965) plus an increase of either 6½ percent for persons whose annuities commenced on or before October 1, 1956, or 1½ percent for those whose annuities commenced after that date. Another adjustment is provided for certain pre-1948 survivors who were specially provided coverage under previous amendments. The bill would also revise the 1962 formula for future automatic cost-of-living adjustments in annuities. The Civil Service Commission estimates the first-year cost of these annuity increase provisions to be \$101.9 million, and the increase in the unfunded liability of the system to be about \$1,040 million.

Section 2 of the bill would increase the ceiling on the survivor annuity payable on death of an employee or annuitant to 60 percent of the earned annuity, or of the base selected for annuity, instead of the present 55 percent. In a report which the Chairman of the Civil Service Commission is submitting to your committee on this bill, opposed to this provision, he estimates it would increase the normal cost of the system by 0.18 percent of payroll, adding approximately \$85 million to the annual cost on the normal cost-plus-interest basis, and adding \$817 million to the unfunded liability. The Chairman states that this provision is unrelated to the annuity adjustment problem, has not been demonstrated to meet a need which would justify its cost, and represents the piecemeal approach to retirement liberali-

zation which the President's Cabinet Committee study is designed to prevent. The Bureau of the Budget concurs in the views expressed by the Civil Service Commission.

Accordingly there would be no objection to enactment of H.R. 8469 provided section 2 is deleted, as its enactment would not be consistent with the administration's program.

Sincerely yours,

PHILLIP S. HUGHES.
Assistant Director for Legislative Reference.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law in which no change is proposed is shown in roman, existing law proposed to be omitted is enclosed in brackets, and new matter is printed in italic):

CIVIL SERVICE RETIREMENT ACT

* * * * *

DEFINITIONS

SECTION 1. Wherever used in this Act—

* * * * *

(t) The term "price index" shall mean the [annual average over a calendar year of the] Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics. *The term "base month" shall mean the month for which the price index showed a per centum rise forming the basis for a cost-of-living annuity increase.*

* * * * *

SEC. 17. (a) The fund is hereby appropriated for the payment of benefits as provided in this Act, and for payment of administrative expenses incurred by the Commission in placing in effect each annuity adjustment granted under section 18 of this Act.

* * * * *

COST-OF-LIVING ADJUSTMENT OF ANNUITIES

[SEC. 18. (a) After January 1, 1964, and after each succeeding January 1, the Commission shall determine the per centum change in the price index from the later of 1962 or the year preceding the most recent cost-of-living adjustment to the latest complete year. On the basis of such Commission determination, the following adjustments shall be made:

[1] Effective April 1, 1964, if the change in the price index from 1962 to 1963 shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2, 1963, shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

[2] Effective April 1 of any year other than 1964 after the price index change shall have equaled a rise of at least 3 per

centum, each annuity payable from the fund which has a commencing date earlier than January 2 of the preceding year shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

[(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

[(1) Effective from the date of the first increase under this section, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 10(d)), which annuity commenced the day after the annuitant's death, shall be increased as provided in subsection (a)(1) or (a)(2) if the commencing date of annuity to the annuitant was earlier than January 2 of the year preceding the first increase.

[(2) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 10(d)), which annuity commences the day after the annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death.

[(3) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 10(d), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section, and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death. Effective from the date of the first increase under this section, the provisions of this paragraph shall apply as if such first increase were in effect with respect to computation of a child's annuity under section 10(d) which commenced between January 2 of the year preceding the first increase and the effective date of the first increase.

[(c) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

[(d) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar.]

Sec. 18. (a) Effective the first day of the third month which begins after the date of enactment of this amendment, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by (1) the per centum rise in the price index, adjusted to the nearest one-tenth of 1 per centum, determined by the Commission on the basis of the annual average price index for calendar year 1962 and the price index for the month latest published on date of enactment of this amendment, plus (2) 6½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred on or before October 1, 1956, or 1½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred after October 1, 1956. The month used in determining the increase based on the per centum rise in the price index under

this subsection shall be the base month for determining the per centum change in the price index until the next succeeding increase occurs. Each survivor annuity authorized (1) by section 8 of the Act of May 29, 1930, as amended to July 6, 1950, or (2) by section 2 of Public Law 85-465, shall be increased by any additional amount which may be required to make the total increase under this subsection equal to 15 per centum or \$10 per month, whichever is the lesser.

(b) Each month after the first increase under this section, the Commission shall determine the per centum change in the price index. Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.

(c) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

(1) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 10(d)), which annuity commences the day after annuitant's death and after the effective date of the first increase under this section shall be increased by the total per centum increase the annuitant was receiving under this section at death, except that the increase in a survivor annuity authorized by section 8 of the Act of May 29, 1930, as amended to July 6, 1950, shall be computed as if the annuity commencing date had been the effective date of the first increase under this section.

(2) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 10(d), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section for employee annuities which commenced after October 1, 1956, and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death.

(d) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

(e) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall after adjustment reflect an increase of at least \$1.

* * * * *



- 112.245

Calendar No. 635

89TH CONGRESS
1ST SESSION

H. R. 8469

[Report No. 653]

IN THE SENATE OF THE UNITED STATES

AUGUST 4 (legislative day, AUGUST 3), 1965

Read twice and referred to the Committee on Post Office and Civil Service

AUGUST 30, 1965

Reported by Mr. YARBOROUGH, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 1(t) of the Civil Service Retirement Act,
4 as amended (5 U.S.C. 2251(t)), is amended to read as
5 follows:

6 “(t) The term ‘price index’ shall mean the Consumer
7 Price Index (all items—United States city average) pub-
8 lished monthly by the Bureau of Labor Statistics. The term
9 ‘base month’ shall mean the month for which the price index

1 showed a per centum rise forming the basis for a cost-of-
2 living annuity increase.”

3 (b) Section 17 (a) of such Act, as amended (5 U.S.C.
4 2267 (a)), is amended by inserting immediately before the
5 period at the end thereof the following: “, and for payment
6 of administrative expenses incurred by the Commission in
7 placing in effect each annuity adjustment granted under
8 section 18 of this Act”.

9 (c) Section 18 of such Act, as amended (5 U.S.C.
10 2268), is amended to read as follows:

11 “SEC. 18. (a) Effective the first day of the third month
12 which begins after the date of enactment of this amendment
13 each annuity payable from the fund which has a commencing
14 date not later than such effective date shall be increased by
15 (1) the per centum rise in the price index, adjusted to the
16 nearest one-tenth of 1 per centum, determined by the Com-
17 mission on the basis of the annual average price index for
18 calendar year 1962 and the price index for the month latest
19 published on date of enactment of this amendment, plus (2)
20 6½ per centum if the commencing date (or in the case of the
21 survivor of a deceased annuitant the commencing date of the
22 annuity of the retired employee) occurred on or before
23 October 1, 1956, or 1½ per centum if the commencing date
24 (or in the case of the survivor of a deceased annuitant the
25 commencing date of the annuity of the retired employee)

1 occurred after October 1, 1956. The month used in deter-
2 mining the increase based on the per centum rise in the
3 price index under this subsection shall be the base month for
4 determining the per centum change in the price index until
5 the next succeeding increase occurs. Each survivor annuity
6 authorized (1) by section 8 of the Act of May 29, 1930,
7 as amended to July 6, 1950, or (2) by section 2 of Public
8 Law 85-465, shall be increased by any additional amount
9 which may be required to make the total increase under this
10 subsection equal to 15 per centum or \$10 per month, whichever
11 ever is the lesser.

12 “(b) Each month after the first increase under this sec-
13 tion, the Commission shall determine the per centum change
14 in the price index. “Effective the first day of the third
15 month which begins after the price index shall have equaled
16 a rise of at least 3 per centum for three consecutive months
17 over the price index for the base month, each annuity pay-
18 able from the fund which has a commencing date not later
19 than such effective date shall be increased by the per centum
20 rise in the price index (calculated on the highest level of the
21 price index during the three consecutive months) adjusted
22 to the nearest one-tenth of 1 per centum.”;

23 “(c) Eligibility for an annuity increase under this sec-
24 tion shall be governed by the commencing date of each an-

1 nuity payable from the fund as of the effective date of an
2 increase, except as follows:

3 “(1) Effective from its commencing date, an an-
4 nuity payable from the fund to an annuitant's survivor
5 (other than a child entitled under section 10(d)),
6 which annuity commences the day after annuitant's
7 death and after the effective date of the first increase
8 under this section, shall be increased by the total per
9 centum increase the annuitant was receiving under this
10 section at death, except that the increase in a survivor
11 annuity authorized by section 8 of the Act of May 29,
12 1930, as amended to July 6, 1950, shall be computed
13 as if the annuity commencing date had been the effective
14 date of the first increase under this section.

15 “(2) For purposes of computing an annuity which
16 commences after the effective date of the first increase
17 under this section to a child under section 10(d), the
18 items \$600, \$720, \$1,800, and \$2,160 appearing in sec-
19 tion 10(d) shall be increased by the total per centum
20 increase allowed and in force under this section for
21 employee annuities which commenced after October 1,
22 1956, and, in case of a deceased annuitant, the items
23 40 per centum and 50 per centum appearing in section
24 10(d) shall be increased by the total per centum increase

1 allowed and in force under this section to the annuitant
2 at death.

3 "(d) No increase in annuity provided by this section
4 shall be computed on any additional annuity purchased at
5 retirement by voluntary contributions.

6 "(e) The monthly installment of annuity after adjust-
7 ment under this section shall be fixed at the nearest dollar,
8 except that such installment shall after adjustment reflect
9 an increase of at least \$1."

10 SEC. 2. Section 10 of the Civil Service Retirement Act,
11 as amended (~~5 U.S.C. 2260~~), is amended by striking out
12 "55" wherever it appears therein and inserting in lieu
13 thereof "60". This amendment shall not apply with respect
14 to employees or Members retired or otherwise separated
15 prior to the date of enactment of this Act.

16 SEC. 3. The provisions under the heading "CIVIL SERV-
17 ICE RETIREMENT AND DISABILITY FUND" in title I of the
18 Independent Offices Appropriation Act, 1959 (72 Stat.
19 1064; Public Law 85-844), shall not apply with respect
20 to benefits resulting from the enactment of this Act.

Passed the House of Representatives August 3, 1965.

Attest: RALPH R. ROBERTS,
Clerk.

89TH CONGRESS
1ST SESSION

H. R. 8469

[Report No. 653]

AN ACT

To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

AUGUST 4 (legislative day, August 3), 1965

Read twice and referred to the Committee on Post Office and Civil Service

AUGUST 30, 1965

Reported with amendments

DIGEST of Congressional Proceedings OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.
OFFICIAL BUSINESS

20250

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Sept. 9, 1965
For actions of Sept. 8, 1965
89th-1st; No. 165

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HIGHLIGHTS: Sen. Talmadge submitted cotton amendment to farm bill. Sen. Javits submitted amendment to farm bill to establish commission on food and fiber policy. Sen. Symington commended FHA loan program in Mo.. Sens. Mondale and Nelson urged expansion of food for peace program. House passed foreign aid appropriation bill. House received from President proposed appropriations for Public Works and Economic Development Act.

SENATE

1. FARM PROGRAM. The farm bill, H. R. 9811, remained the unfinished business (pp. 22254, 22265). Sen. Mansfield stated that debate on the bill would begin today (Thurs.) (p. 22242). Sen. Talmadge submitted (for himself and Sens. Jordan, Russell, S. C., Sparkman, and Hill) a cotton amendment intended to be proposed to the bill, and an explanation of the amendment which would provide a four-year cotton program applicable to the 1966, 1967, 1968, and 1969 crops (pp. 22204-6). Sen. Javits submitted (for himself and Sens. Boggs and Tower) an amendment intended to be proposed to the bill to provide for the establishment of a Commission on United States Food and Fiber Policy (pp. 22206-7). Sens. Carlson and Bass submitted amendments intended to be

proposed to the bill (p. 22206).

2. PERSONNEL. By a vote of 73 to 10, passed with amendments H. R. 8469, to increase the annuities of retired Federal employees and to revise the method of determining cost-of-living increases in retirement annuities. pp. 22239, 22242-50, 22252-4

Sen. Lausche stated that "the proposal that the administration be given control in initiating pay raises for Federal employees is unsound, unreasonable and should not be adopted." p. 22234.

3. RECREATION. Passed as reported S. 897, to provide for the establishment of the St. Croix National Scenic Waterway, Minn. and Wisc. pp. 22192-6

4. FOOD FOR PEACE. Sens. Mondale and Nelson urged an increase in domestic food production as a means of expanding the food for peace program and inserted articles in support of their positions. pp. 22235-7

5. LOANS. Sen. Symington commended "the outstanding work being done by the Farmers Home Administration under the capable direction of J. Everett Jose" in Mo., and inserted a table comparing FHA loans made in Mo. in 1961 and 1965. p. 22227

6. FARM LABOR. Sen. Hart commended the successful recruitment of domestic workers to harvest the strawberry crop in the Upper Peninsula of Mich. p. 22276

7. AGRICULTURE. Sen. Mansfield and others commended the public service of Sen. Aiken, including his service to agriculture. pp. 22207-9

8. RESEARCH. Sen. Ribicoff inserted a statement by Sen. McClellan announcing the appointment of a special Subcommittee on Government Research, Government Operations Committee, to undertake a study of the operations of research and development programs of Federal agencies. pp. 22209-10

9. FOREIGN AID. Sen. Church urged that the U. S. suspend military and economic aid to India and Pakistan, and stated that "the problem of continued food shipments to these countries is more difficult to decide" and should be thoroughly studied. p. 22210

Sen. Church inserted an article reviewing accomplishments under the Alliance for Progress program. pp. 22210-11

10. WATERSHEDS. The Public Works Committee approved works for improvement on the following watersheds: Upper Choptank River, Del. and Md.; Little Raccoon Creek, Ind.; Timber Creek, Kans.; Tamarac River, Minn.; Quapaw Creek, Okla.; Rock Creek, Okla.; Duck Creek, Tex.; and Cherrystone, Va. p. 22233

HOUSE

11. FOREIGN AID APPROPRIATION BILL. Passed, by a vote of 239 to 143, with amendment this bill, H. R. 10871 (pp. 22291-341). Adopted an amendment by Rep. Rooney, N. Y., to bar aid to nations whose vessels trade with North Vietnam (p. 22334). Rejected an amendment by Rep. Thomson, Wisc., to prevent use of the funds "for research into the administrative organization or operation, or personnel practices, of the Agency for International Development" (pp. 22334-36). This bill includes items for technical cooperation and development grants; contributions to international organizations and programs including the U. N. world food program; Alliance for Progress; Peace Corps; and Department of the Army for aid to the Ryukyu Islands.

cost of keeping the peace in the Middle East and the Congo or be deprived of their voting rights in the General Assembly. Mr. Goldberg declared that the U.S. position was "constitutionally, legally, procedurally, and administratively correct." He acknowledged, however, that the majority of the General Assembly is not prepared to apply article 19 and that the consensus was that the Assembly should proceed normally. (For more than a year all votes on substantive matters have been avoided.) And, in the spirit of his predecessor, the late Ambassador Adlai Stevenson, Mr. Goldberg declared: "It is time for the General Assembly to get on with its heavy agenda, which is indeed the unfinished business of mankind."

"We must find new strength," he said, "and new capacities for building, brick by brick, the community of men."

The lofty words did not hide the fact that this country had made a major retreat. Goldberg placed "responsibility where it properly belongs" (on the delinquents) and he made it clear that the United States would not allow a double standard to exist in paying United Nations costs in the future. He even reserved the right for the United States to refuse to pay if it had strong reasons for doing so.

POWERS CANNOT BE COERCED

Actually, however, Washington has painfully concluded it was wrong in the first place to stretch article 19 of the charter to pressure other powers into paying the extraordinary expenses of which they disapproved. At this stage of the evolution of the U.N. the world powers cannot be coerced. The organization must operate by consent—and this means by compromise. This admits a weakness, but the weakness has been apparent a long time.

The Soviet Union, France and 11 other nations in arrears on the peacekeeping assessments have in effect held that such activity is a function of the Security Council (where all five permanent members have a veto), not the General Assembly. The rationale extended, however, to financing peacekeeping approved by the Council, in effect holding that such payments must be voluntary. Meantime, Britain, Canada and the Scandinavian countries have shown the way of donating almost \$18 million. If sufficient other payments are forthcoming voluntarily, the \$108 million deficit will be wiped out. In any respect, operations in Cyprus and other troubled spots have been financed with voluntary payments.

The biggest challenge to the United Nations—Vietnam—is still ahead. The Johnson administration has wisely given priority to the future of the U.N. over a row about past liabilities.

Mr. Goldberg discharged with dignity an onerous but necessary assignment.

THE PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

MR. YARBOROUGH. Mr. President, I suggest the absence of a quorum.

THE PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

MR. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

THE PRESIDING OFFICER. Without objection, it is so ordered.

ished business, H.R. 8469, be laid aside temporarily, and that the Senate proceed to the consideration of Calendar No. 635, H.R. 8469.

THE PRESIDING OFFICER. The bill will be stated by title.

THE LEGISLATIVE CLERK. A bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

THE PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes, which had been reported from the Committee on Post Office and Civil Service with amendments on page 5, after line 9, to strike out:

SEC. 2. Section 10 of the Civil Service Retirement Act, as amended (5 U.S.C. 2260), is amended by striking out "55" wherever it appears therein and inserting in lieu thereof "60". This amendment shall not apply with respect to employees or Members retired or otherwise separated prior to the date of enactment of this Act.

And, at the beginning of line 16, to change the section number from "3" to "2".

MR. WILLIAMS of Delaware obtained the floor.

MR. WILLIAMS of Delaware. Mr. President, I yield to the senior Senator from Oregon.

STEEL DISPUTE SETTLEMENT NEGOTIATIONS

MR. MORSE. Mr. President, I wish to make certain comments in connection with the roles played in the settlement of the steel dispute last week by the President of the United States, the Secretary of Commerce, Mr. Connor, and the Secretary of Labor, Mr. Wirtz.

In my more than 35 years of experience in being involved in negotiations of major labor disputes in this country, I have never seen such a magnificent and masterful job of industrial statesmanship as that performed by the President of the United States in the settlement of the steel case.

Some of us in the Senate may say what the President would not be in a position to say. I believe this case will be a subject of study for many years to come, in labor relations courses, in writings on mediation, conciliation, and arbitration and by students and authorities of industrial relations. I hope to be of some help to students who may study the case, by my comments today.

Although the Secretary of Commerce, Mr. Connor, and the Secretary of Labor, Mr. Wirtz, performed negotiating services—as I have told them in a letter that I sent to each of them—that likewise have not been excelled, nevertheless, when all is said and done, the country would be in the throes of a shutdown of the major industry in the United States at this very hour, were it not for the industrial statesmanship of the President of the United States. I have never seen its equal. I state, in anticipation, to any

critics who might seek to give the impression that the President used persuasion not related to the facts of the case; that they could not be more wrong.

The President of the United States discussed the details of this controversy, before he intervened, at a breakfast held in the White House the morning of August 30, at which the substantive issues were outlined for him in detail—issues which had resulted in a complete deadlock between the steel companies and the steel workers' union.

On August 28, the President had sent to Pittsburgh the Under Secretary of Commerce, the former Governor of Florida, Mr. Leroy Collins, and the senior Senator from Oregon to participate in a fact-finding mission. Some Senators may not be aware that Governor Collins and the senior Senator from Oregon were not authorized to make any suggestions to the representatives of the union and of the steel companies for a settlement of the dispute.

We spent hours with the parties to find out what their differences were, and to determine for the President whether they had actually reached a good-faith deadlock in their negotiations.

The President instructed us to find out if there was any hope of further free collective bargaining between the disputants or if it appeared that Government intervention were necessary in order to avoid the unreparable damage to the Nation which would result from a shutdown of the steel industry.

When we reported to the President on the morning of August 30, Governor Collins and I were in complete agreement on every detail of all the minutiae of the findings we brought back from Pittsburgh. We reported to the President that in our opinion, if the parties were left to themselves there would be a steel industry shut down at midnight on Tuesday, August 31, 1965.

We tried to be of service to the President in outlining at great length and in detail the White House procedure we thought should be followed. Essentially, it called for continued negotiations, under the direction of the White House. We made recommendations, within flexible brackets, for terms of settlement of the dispute, should the Government finally be in a position where it would have to suggest a settlement. But that was the sum and substance of the contribution that Governor Collins and I made; and that is a minor contribution, compared with the great work of the President and the negotiating efforts of the Secretary of Labor and the Secretary of Commerce which followed that breakfast meeting on August 30.

I shall always be a richer man, from the standpoint of a valuable experience, because I had the opportunity of serving with Leroy Collins, of Florida, on this mission. In my judgment, he is a great American. One cannot pay a higher compliment to a man and to a friend than to say he is a great American. Leroy Collins is a dedicated American, and I learned much from him during our work together in Pittsburgh.

Also I wish to pay tribute to Mr. William Simkin, Director of the Federal

CERTAIN INCREASES IN ANNUITIES PAYABLE FROM THE CIVIL SERVICE RETIREMENT AND DISABILITY FUND

MR. MANSFIELD. Mr. President, I ask unanimous consent that the unfin-

Mediation and Conciliation Service, for his mediation work with the parties during the many days of negotiation conferences with them. Governor Collins and I found that the negotiators for both the union and the steel industry had great respect for and confidence in Bill Simkin. The factual material that he had gathered over the weeks and the mediation service which he and his able staff had rendered to the parties helped to provide the seeds for the sowing of commonsense suggestions in the minds of the industry and union negotiators by the President and by Secretary Wirtz and Secretary Connor.

One other official deserves special mention by me and that is Mr. Joseph Califano of the President's staff. While Governor Collins and I were in Pittsburgh, Mr. Califano stayed on the Washington, D.C. end of the long-distance telephone much of the time day and night advising with us on our findings as we developed them as a result of our conferences with the parties to the disputes. He in turn relayed them to the President and relayed back to us further instructions and advice which we sought from the President. Mr. Califano was of great help to all of us and particularly to the President throughout the handling of the steel case by the White House. Now I want to say a few words about the negotiations here in Washington, under the leadership and statesmanship of the President of the United States.

The President agreed with the recommendation that Governor Collins and I made to the group that had breakfast with him on August 30, that it was important for the parties to the dispute to hear from the President himself as to how serious the consequences of a steel industry shutdown would be to the security and economy of the Nation.

As I said in this Chamber last Thursday, I do not advise Presidential interventions in labor disputes as a general rule. I believe they should be very rare. The President of the United States should not have imposed upon him such a burden. He is entitled to have labor and industry settle their differences without White House intervention through their voluntary exercise of a precious freedom, namely, free collective bargaining.

When the Federal Government does intervene, it should in most instances be kept at the Department of Labor and Department of Commerce level. There are instances, however, in which the President himself would fail the American people if he did not personally intervene, if he thought the public interest warranted intervention. This steel industry dispute was one of such cases. In my many years of service in this field, there have been only a half dozen cases in which one could say with assurance that a White House intervention was justified. But this was one such case, because there would have resulted both a strike and a lockout. Do not forget that when the parties to a labor dispute come to a point where they really break off negotiations between themselves, the employer has to assume equal respon-

sibility with the union for the cessation of operations of that industry.

I stated before I left Pittsburgh, I stated at the White House breakfast the other morning, and I was heard to state on two occasions on the floor of the Senate last week, that in my judgment there was equality of responsibility resting upon the steel companies and the steel union with respect to this dispute. The facts involved in the case simply did not justify either the union or the Steel Companies throwing our country into the economic losses that would result from a breakdown in collective bargaining between them.

There is no question about the President's laying the facts before the parties when he asked them to come to Washington to meet with him at the White House in the presence of his Secretary of Labor and Secretary of Commerce. Such a conference between the President and the parties to the dispute was a procedural recommendation that Governor Collins and I had made to him at the breakfast meeting on August 30.

The President laid it on the line, so to speak, and he demonstrated to the parties his complete knowledge in detail of what was involved in the dispute. He showed complete knowledge of the union problems and the steel companies' problems. The President knows the problems that confront the industry with regard to foreign importation, the question of the stockpiling of the inventories that have taken place, and the facts about the healthy profits within the industry. He knows the facts about historic inequities that have grown up within the job classifications within the labor force. This involves inequities between incentive and nonincentive pay rates. He assigned to Secretary Wirtz and Secretary Connor the great task of taking the parties to the Executive Building across the street from the White House and starting under Presidential instructions the series of negotiation sessions which are now well known to the American people, because of the adequate news coverage that these conferences received.

I stress the fact that the President kept in touch with these negotiations until their final successful culmination.

I have already read some articles in the newspapers which would indicate that there are those who feel that the final settlement somehow has violated some economic guidelines that are supposed to be followed in the settlement of labor disputes in order to avoid the possibility of inflation.

Those guidelines are relative, in that it has always been recognized that so-called historic inequities within an industry must be adjusted in connection with any guidelines and that in doing equity and justice it is necessary to adjust those inequities, over and above any guidelines.

There is nothing new about economic guidelines in settling the economic issues involved in a major labor dispute. During the war we had them in connection with the operation of the War Labor Board. We followed them subject only to fair adjustments necessary to eliminate inequities and injustices.

Therefore, when we had a case in which the facts showed that existing inequities had developed within an industry, those inequities were adjusted over and above the guidelines.

That is exactly what has happened since the so-called 3.2 guideline was recommended for handling economic issues in labor disputes starting with the Kennedy administration. The result is that no one can point to any settlement in a major labor dispute within the past few years in which the dispute has been settled within the 3.2 guideline as far as so-called inequities are concerned. However, the 3.2 guideline is of great importance in directing the settlement of a dispute, because that means that the major wage settlement should conform to the guideline. That is what has happened in case after case. It happened in the steel settlement of last week. It happened in the 1962 East Coast Longshore case and the 1964 East Coast Longshore case in which I was involved.

Inequities were adjusted, but the basic wage settlements did not violate the guidelines. One of the things that must always be given great weight in the settlement of a major dispute is the relationship of that dispute to settlements in comparable industries.

We cannot select a given industry—for example, the steel industry—and settle a labor dispute independently of the terms of settlement of disputes in comparable industries.

That was a problem that confronted the President and confronted the Secretary of Labor and the Secretary of Commerce in this steel case. That was a problem that Governor Collins and I placed major stress on in our report to the President and to the Secretaries.

Let it be said at this time that in the automobile industry, in which a major settlement was reached some months ago, it was necessary to reach a settlement somewhat above the guideline so far as the so-called fringe benefits and wage inequities were concerned. But in the automobile dispute as well as other major disputes the settlement was not above the guidelines so far as the basic wage changes were concerned. Those cases stayed within the guideline. That is also true of the steel case.

Let us not forget that in the automobile industry, the union had the benefit of a so-called cost-of-living escalation clause. That does not exist in the steel industry contract. This was a major problem that confronted Secretary Wirtz and Secretary Connor, as well as the President of the United States in the steel case.

Therefore, although the basic wage increase in the automobile industry was finally negotiated at a figure higher than the basic wage increase settlement in the steel case, it should be noted that the union in the steel case does not receive any benefit from a cost-of-living escalation clause. However, Walter Reuther, since the settlement in the automobile case, has received an additional 8 cents an hour over and above the settlement in that case because of the cost-of-living escalation clause.

In the negotiations within the steel industry 2 years ago, the cost-of-living

escalation clause was dropped. It is true that the union received some benefits in exchange from the standpoint of the companies' assuming the cost of the premiums on the insurance cost of the contract. However, there is no doubt that the steelworkers also, because of the increase in the cost of living since that settlement, have suffered considerable loss.

Let it be said that the settlement in the steel case is less than the settlement in the automobile case. Let it be said also that another comparable major industry that confronted the negotiators was the aluminum industry. That industry holds a collective bargaining agreement with the same union that holds the agreement in the steel industry. The aluminum settlement was better, from the standpoint of an increase in basic wages, than was reached in the settlement of the steel case. There is still another comparable industry that I would mention that created problems for the negotiators and that is the industry that involves the manufacturing of metal cans. This industry holds a collective bargaining agreement with the same union as in the case of the steel industry. The basic wage settlement was a better settlement, so far as increases are concerned, than that in the steel industry.

In fairness to the steel companies, I wish to say that for some time the average hourly wage in the steel industry has been higher than the average hourly wage in most of the other major industries.

What the negotiators were confronted with primarily was a fair consideration of the so-called historic inequities and a consideration of the pattern of settlement in the other comparable major industries.

I believe they did a magnificent job from the standpoint of equity and fairness to both the companies and the union in leading the parties to this settlement. It was fair and just. It did not do any violence to the guidelines, when we take into account the fact that we are dealing with fringe benefits and historic inequities as well as basic wage increase problems.

Mr. President, I wished to speak on this matter today because I have discovered some aspects of the situation which are not thoroughly understood by some writers whose articles I have read. I do not say that we should expect them to understand these matters fully, because they could not possibly have had all the facts available to them that confronted the President, the Secretary of Labor, and the Secretary of Commerce. I think a remarkable job of fair reporting on the whole has been done in view of the fact that this was one of the most complex cases that it has ever been my experience to study.

I decided to make this report today because I wanted to assure the American people that they have every reason to be exceedingly proud of the industrial statesmanship of the President of the United States, as he manifested it in his historic negotiations in connection with this case.

I should like to say also to labor and to management that they would make a great mistake if they were to look upon the steel case as a precedent for presidential intervention in major labor disputes in the future. They owe it to their country and to their President to make voluntary collective bargaining work without making it necessary for the Federal Government to find it necessary to intervene in order to protect the public interest.

It was only because of the extraordinary situation that confronted our country in respect to the continued manufacture of steel that Governor Collins and I felt that the circumstances warranted our very strong recommendation of Presidential intervention.

I shall always be satisfied to stand on the joint recommendation that Governor Collins and I made to the President and his advisers. And I shall always be proud that on the basis of that recommendation the President independently made his own choice, which was to intervene and to help lead the parties to a successful determination of the dispute in the steel industry.

A further comment I wish to make is in regard to those who might say they would change a comma, or modify a cross on a "T" in the provisions of the settlement of the dispute. My question to them is: Where would the country and its economy and security interests be, if the parties to the dispute had not finally agreed to accept the suggestions made to them by the President of the United States, the Secretary of Commerce, and the Secretary of Labor? The country would be in the throes of an approaching economic crisis, for it is true that as the steel industry goes, so goes the economy of America.

In closing, I express my highest compliments to Conrad Cooper, the chief negotiator for the steel industry, and Abe Abel, president of the United Steelworkers of America. I know dedicated service when I see it. I know when two men of widely different points of view in regard to a given dispute both come to recognize that the general public which was third party to the dispute as I said on the floor of the Senate last week, must prevail over the partisan interests of the steel companies and the steelworkers union. They placed their patriotism and their devoted interest in America's welfare first. The reason why there is a steel agreement is that they acceded to the President's suggestions. They compromised their differences and signed their names to an agreement, which was fair, equitable, and just.

I express for the RECORD my high commendation of the President, the Secretary of Labor, Mr. Wirtz; the Secretary of Commerce, Mr. Connor; as well as to Mr. Cooper, and Mr. Abel, for their demonstration of industrial statesmanship of the highest order.

Mr. HART. Madam President, all Senators are grateful to the senior Senator from Oregon for the analysis he has given of the events associated with the settlement of the steel dispute.

With the senior Senator from Oregon,

I express the deepest appreciation to the President of the United States for the industrial statesmanship he has demonstrated.

I know that the people of the country wish that problems like these would never develop. In some segments of the community, there is the notion that if we would only put our minds to it, they never would develop. In other segments of the community there are those who feel they have absolute lead-pipe cinches as to how we should approach these situations.

Whether collective bargaining has been advanced or damaged by these events will long be the subject of debate and dispute. But the security and economic strength of the United States, which are the overriding concern, have been advanced, and I am satisfied that that will be the verdict of history.

There is sometimes an unthinking attitude to say to the two parties at a bargaining table, the representatives of management and the union, "You should resolve this dispute in the light of the public interest."

The question that confronts America, one which is of extremely difficult dimension, is whether the time is approaching when in the industries where the strength of the Nation is so vitally involved it is reasonable to expect of either party that he is voicing the public interest. Both parties to the dispute feel they represent the public's interest.

But let us be honest in acknowledging that the spokesman for management has the concern and responsibility, first of all, as the management spokesman, to management; and his second concern is profits. There is nothing wrong with that.

The union man has his obligation, first of all, to his membership. That is a matter of wages and working conditions.

How do we build in the public interest to this kind of situation in the months and years ahead?

I feel that the report given us by the senior Senator from Oregon confirms the elation that the Nation felt and the appreciation it would want us to voice for it to the President for his statesman-like timing of intervention which has served the long-term interest of America and the rest of the free world.

Mr. McNAMARA. Madam President, I am sure we all rejoice in the fact that a major steel strike has been averted.

Moreover—according to the announced terms of the settlement—labor-management peace in the industry seems to be assured for the next 35 months.

A tieup of any length in the steel industry, of course, could have had a serious disruptive effect on the national economy, which is continuing its unprecedented climb.

No one realized the consequences more than did President Johnson. He first made available to the parties the full Federal mediation machinery.

As the strike deadline drew nearer, the President exercised his famous persuasive powers to convince both sides that a short delay might mean a mutual

settlement without any strike. The delay was agreed upon.

During the day and night hours of intensive bargaining that followed President Johnson personally met with the parties and urged them to explore every avenue of accord. He assigned Labor Secretary Willard Wirtz and Commerce Secretary John Connor to maintain intimate contact with each side.

The contract agreement that resulted reflected this intense concern on the part of the administration to avert a steel dispute.

In the end it was accomplished without a strike. It was accomplished without turning to recourse to the injunctive process under Taft-Hartley.

And, most importantly, it still was accomplished through free collective bargaining.

The settlement is a tribute to President Johnson and his administration. But it also is a tribute to the managements and the labor organization for their willingness to continue bargaining.

The prosperity of the Nation is the beneficiary.

EXTENSION AND EXPANSION OF INTERSTATE HIGHWAYS VITAL TO TRAFFIC SAFETY

Mr. HARTKE. Madam President, the casualty list of Americans murdered in Labor Day highway accidents continues to mount.

While the Nation casts an apprehensive eye toward Vietnam, while Florida and the other southeastern States claim the headlines under the ravages of hurricane Betsy, the less spectacular compendium of holiday traffic death lists is accepted as a byproduct of today's way of life.

Or, our "way of death," if you prefer.

I, for one, am appalled that so many of us should sit by and accept highway slaughter as a "way of life." At my request, the Bureau of Public Roads has reported to me today that of its reported 541 Labor Day traffic fatalities in the 50 States and the District of Columbia, only 27—or fewer than 5 percent—occurred on interstate highways.

Earlier in this session, I introduced S. 1272, a bill to provide for the extension of the Interstate Highway System. In advocating the construction of 60,000 miles instead of the presently designated 41,000 miles of interstate highways, I have contended that three times fewer accidents per million miles occur on safely designed interstate highways than on other roads. Everytime 5 miles of interstate highway are opened for traffic, another life a year is saved.

Further, in S. 1976, I submit that the repeal of restrictions on highway construction until moneys are a hand would speed up construction of interstate highways, with a consequent saving of American lives in the process.

There is a story heard in Washington that one of our Government officials was remonstrating with a member of an Iron Curtain government that little interest was taken with the numbers of persons dying of malnutrition in that country. The Iron Curtain national looked our

man straight in the eye and said something like this: "But what are you doing about your traffic accident death tolls? They are as much a product of your economy as our starvation is of ours."

Yes, what are we doing? The completion of a safer interstate highway system would save as many as 8,000 fatalities a year. This year. Next year. And the year after that.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. MANSFIELD. Madam President, I ask unanimous consent that when the Senate completes its business this afternoon, it stand in recess until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

OMISSION OF MORNING BUSINESS ON THURSDAY

Mr. MANSFIELD. Madam President, I announce that there will be no morning hour tomorrow and that at the conclusion of the morning prayer the debate on the farm bill will be started by the distinguished Senator from Louisiana [Mr. ELLENDER].

COMMITTEE MEETINGS DURING SENATE SESSIONS THIS WEEK

On request of Mr. MANSFIELD, and by unanimous consent, all committees of the Senate were authorized to meet during the sessions of the Senate this week.

CERTAIN INCREASES IN ANNUITIES PAYABLE FROM THE CIVIL SERVICE RETIREMENT AND DISABILITY FUND

The Senate resumed the consideration of the bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the debate on the pending bill be limited to 2 hours, to be equally divided between the majority and the minority leaders, or whomever they may designate, and to one-half hour on each amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

Mr. YARBOROUGH. Madam President, I send to the desk an amendment which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 3, line 14, it is proposed to strike out the quotation marks, and on line 22 strike out the quotation marks and the semicolon.

Mr. YARBOROUGH. Madam President, I ask unanimous consent that an analysis of H.R. 8469, as reported, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The analysis of H.R. 8469 is as follows:

ANALYSIS OF H.R. 8469, AS REPORTED

Section 1(a) redefines the Consumer Price Index to mean the monthly price average instead of the average over a full calendar year.

Section 1(a) also defines a new term, "base month" to mean the month referred to for determining an increase in annuities after the first increase granted by this act.

Section 1(b) would allow the Commission to use money in the retirement fund to pay the administrative expenses of increasing annuities instead of paying such expenses out of the Commission's budget.

This language is considered necessary because of the virtual impossibility of determining when a future increase will occur. Without adequate funds to pay the salaries and other expenses of administering an increase, delay in providing the increases could occur.

Section 1(c) increases the annuities of all persons who are entitled to receive a civil service annuity on the effective date of this act:

1. All annuities which commenced (or, if a survivor annuity are based on annuities which commenced) on or before October 1, 1956 (the date of the major amendments to the retirement act), shall be increased by 6.5 percent of the annuity plus the increase in the cost of living as reflected in the Consumer Price Index from December 31, 1962, until the latest report of the Bureau of Labor Statistics. This will be an additional 4.5 percent, for a total increase of 11 percent.

2. All annuities which commenced after October 1, 1956, shall be increased by 1.5 percent plus the same increase in the cost of living noted immediately above. This will be a total increase of 6 percent.

Section 1(c) guarantees that any survivor whose annuity is based on the "free survivor annuity" language of the 1948 amendments or the "forgotten widow annuity" language of the 1958 amendment shall be increased by 15 percent of the annuity or \$10, whichever is the lesser.

Section 1(c) provides that the new "base month" for determining future increases shall be the month which showed the highest percentage increase in the cost of living over 3 percent during a period of 3 consecutive months which showed an average increase of at least 3 percent.

Existing law on the cost-of-living increase in retirement annuities provides that the Commission shall determine annually whether the cost of living has increased at least 3 percent from the base year (now 1962) until the year of the determination. If the increase is not 3 percent, the Commission waits until the following January 1 for another determination.

If the average increase is 3 percent, all annuities which commenced before January 2 of the preceding year are increased on April 1 following the determination. Under present law, therefore, there is a built-in, 15-month lag.

Section 1(c) changes this by providing for a monthly determination instead of an annual determination. Whenever the cost-of-living index shows for 3 consecutive months a rise of at least 3 percent from the "base month," annuities payable on the first day of the third month thereafter shall be increased by the highest percentage (to the nearest tenth) shown in any one of the 3 months. That month then becomes the new base month.

Section 1(c)(1) clarifies present law on the eligibility for receiving an annuity increase, eliminates the 15-month lag in receiving increases, and guarantees that survivor annuitants shall receive the increases previously received by the annuitant himself under this act up to the time of his death.

Section 1(c)(2) provides that the children survivors of deceased Federal employees who in the future will receive an annuity shall

have the annuity increased by the percentage of increase given to annuitants who retired after October 1, 1956. If this language were not included, children survivors whose annuities commence after the effective date of the act would not receive the proper percentage relationship of annuity to salary as those children survivors whose parent died before the effective date of the act.

Section 1(d) prohibits inclusion of annuity purchased by voluntary contributions from the annuity upon which the increases are calculated.

Section 1(e) provides for calculation to the nearest dollar and guarantees everyone at least 1 dollar.

Section 2 provides that the benefits authorized by this act shall be paid out of the civil service retirement and disability fund. This provision will avoid the problem which faced all of our civil service retirees in 1963 when their annuity increases were delayed by 6 months because of the necessity of an appropriation by the Congress before the increases could be paid.

THE PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. YARBOROUGH].

MR. WILLIAMS of Delaware. Madam President, what is the pending amendment about?

MR. YARBOROUGH. This is an amendment on page 3, line 14, which strikes out the quotation marks, and line 22, the quotation marks and the semicolon. It is merely technical. It is surplus—

MR. WILLIAMS of Delaware. What does the amendment do? Will the Senator kindly repeat his explanation.

MR. YARBOROUGH. On page 3, line 14, it strikes out the quotation marks immediately before the word "effective"; and on line 14 it strikes out the quotation marks and the semicolon which follow the period. This was surplus punctuation.

THE PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

MR. YARBOROUGH. Madam President—

THE PRESIDING OFFICER. How much time does the Senator yield himself?

MR. YARBOROUGH. Madam President, I yield myself 10 minutes.

THE PRESIDING OFFICER. The Senator from Texas is recognized for 10 minutes.

MR. YARBOROUGH. Madam President, the purpose of the bill, which is called the civil service retirement annuity increase bill, is to increase the annuities of retired Federal employees.

I believe the bill to be one of the most important bills to be considered in the 1st session of the 89th Congress. I do not believe there is need for a detailed discussion of the justification for the increase in retirement annuities. The vast majority of retired employees and survivors of retired employees are living on civil service annuities which do not provide enough money to live in a decent manner in these times.

Many of the retirees and survivors of retirees receive such low monthly payments that the States in which they reside are having to supplement that

monthly payment with an old-age pension.

Madam President, as is well known, the old-age pension payment is not based on the contractual payment, as are civil service annuities or social security annuities, but are based solely on need. In the case of an old-age pension, an investigator must go out and investigate the applicants to determine whether they are receiving enough money to hold body and soul together. Many civil service annuities are so low that thousands of the annuitants are receiving old-age pension payments.

The cost of living, of buying the food and paying the rent and having the bare necessities of life, is going up. Steadily rising prices must be examined since the bill was reported from the Committee on Post Office and Civil Service in the other body. The bill provided for an increase based, in part, on the increase in the cost of living since the end of the year 1962.

When the bill was reported in the House on June 17, the increase for those who retired prior to October 1, 1956, was 10.2 percent. The increase for those who retired after October 1, 1956, was 5.2 percent. The cost of living had risen 3.7 percent since 1962, the date of the last increase in annuities for Federal retirees.

Madam President, there was a delay of 5 weeks before the bill could be reached for consideration on the floor of the other body. During that 5-week period, the Consumer Price Index rose eight-tenths of 1 percent, so the percentage of increase for retirees rose from 10.2 percent to 11 percent for the earlier group; namely, those who retired prior to October 1, 1956, and from 5.2 percent to 6 percent for the later group; namely, those who retired after October 1, 1956.

In the absence of the distinguished chairman of the Retirement Subcommittee, the senior Senator from Wyoming [Mr. McGEE], I had the honor to conduct the hearings in the Senate on the bill on August 12 and 13. The subcommittee speedily reported the bill to the full committee, and it was favorably and unanimously reported by the full committee to the Senate on August 30, 1965.

Madam President, I invite the attention of the Senate to the committee report, which sets out the percentage of the increase in annuities. The figures show that the increases will be 11 percent and 6 percent respectively, depending upon whether retirement was prior to October 1, 1956, or later. Those earlier retirees had not received the benefits of the retirees since October 1, 1956. This difference in the rate of increase is an effort to bridge that disparity.

But I regret to report that these figures are in error; it is not the result of the committee's error; it is the result of another increase in the cost of living which was reported by the Bureau of Labor Statistics after this bill was reported by the committee. The most recent published report of the Bureau shows that the cost of living since 1962 is up 4.6 percent—an increase of another one-tenth of 1 percent. Thus in the short period since June 17, 1965, the cost

of living has risen a total of nine-tenths of 1 percent—almost a full 1 percent in less than 3 months.

Madam President, 700,000 retired Federal employees and their families, or their survivors are waiting. They are living on the substandard payments we are making to them. They must not wait any longer. They deserve the increase now. The price of food, bread, meat, milk, drugs, all the costs of living, will not wait. Prices are going up, as shown by the Consumer Price Index. We must act now.

It will be recalled that President Johnson stated that any family living on less than \$3,000 a year is living on a poverty level.

Madam President, 62 percent of all retired civil service and postal employees are receiving annuities of less than \$2,400 a year.

Let me repeat, the President's standard of a poverty level in this country is less than \$3,000 a year. But 62 percent of all our retired civil service and post office employees are now living on less than \$2,400 a year—\$600 less than the poverty level set by the administration, which, in turn, was set on the recommendation of many economists and sociologists who study the economy of the country.

Ninety-seven percent of all survivors' annuities—that is, mainly widows, some widowers, and some surviving children—receive annuities of less than \$2,400 a year, or \$200 a month. Annuities of these retirees vary, but all 700,000—more than 500,000 annuitants and more than 200,000 survivors—have a common characteristic. They are all old, or relatively old, and they all must eat everyday. Many of them must pay medical bills. All must be clad. Yet 62 percent of retirees receive less than \$2,400 a year—and some 10 percent live on less than \$50 a month, or \$1.66 a day. One group of survivors, 15,000 widows of employees who died before 1948, receive annuities which average \$44 a month—less than \$1.50 a day.

Time is wasting. This bill will give help where it is badly needed. It will come to the rescue of these people and give them some of the attention and financial benefit which they deserve. It will give these 700,000 senior citizens a hundred million dollars—that is an average of about \$11 a month for each of them. I do not believe that is asking too much.

Madam President, there is one substantial change in the House bill. As passed by the other body, the bill provided also that in the case of those retiring after the passage of the bill, survivor's annuities—widows' annuities, I might call them—would be increased from 55 percent of the amount the retiree was receiving to 60 percent.

That would be only for survivors and retirees who retired after this bill is enacted. But for 700,000 retirees and survivors who have already retired the survivor annuity would still be 55 percent. This would create an imbalance between the retirees.

The Senate Post Office and Civil Service Committee eliminated this section. Our action was based on the plea of the administration that this was not merely an increase, this changed the basic retirement act; this amounted to a substantive change in the Civil Service Retirement Act.

Last February, the President appointed a Cabinet-level special committee to study the entire structure of Federal programs for all retired Federal employees. The President's committee is required under the terms of the appointment to make its report by December 1 of this year.

The Committee on Post Office and Civil Service eliminated section 2, the increase in the survivor percentage for future retirees, until the President's Cabinet-level special committee reports in December. We will consider that report, and then reconsider this subject in the 2d session of the 89th Congress.

The bill also modifies the Civil Service Retirement Act in regard to the method of determining the cost-of-living increase in annuities.

Madam President, in 1962, Congress amended the Retirement Act to provide for automatic cost-of-living increases whenever the cost of living, as reflected in the Consumer Price Index, rises by 3 percent over the base period. The procedure enacted in 1962 calls for determination each January by the Civil Service Commission. Experience has shown that this method does not fulfill the aims which Congress intended. In January 1965, for instance, the Commission's determination showed that the average increase in the cost of living over the base year, 1962, was 2.6 percent even though the percentage increase at the end of 1964 was above 3 percent. The 1962 law requires a year to pass before another determination can be made. Adjustments in annuities are put off a whole year. H.R. 8469 changes this method of adjustment so that in the future, the Commission will determine the cost-of-living on a monthly basis. If the cost of living rises by at least 3 percent for each of 3 consecutive months over the base period—the date of the last adjustment—the Commission will automatically increase annuities. The timelag of 15 months, built into the present law, is eliminated. This means that when the cost of living goes up, the retirees will receive increases when they need them, and not a year later.

We urge that our colleagues favorably consider this legislation as part of the fulfillment of the Government's obligation to the retired employees.

Last year every single Federal officer and employee with the exception of the President of the United States received an increase in salary. That included Members of Congress, justices, judges, executives, and rank and file employees from the top to the bottom.

This year the committee is considering another pay increase for employees. The military pay bill has already become law. The administration recommended an increase of \$500 million a year in military pay. Congress increased that amount to more than \$1 billion a year.

The social security increase has already become law, as it was tied to and made part of the medicare bill.

All of the Federal employees and the social security retirees have received increases since the most recent civil service retirement increase. Only those who worked for the Federal Government have been left out. I submit that it is time that we recognize these retirees and their need for food, clothing, and shelter so that they may hold their bodies together and keep themselves warm in their old age.

We should not let time pass without recognizing the need of retired employees and without fulfilling our obligation to them.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. WILLIAMS of Delaware. Madam President, under this bill what provision is made for the payment of this increase?

Mr. YARBOROUGH. That would be paid out of the fund.

Mr. WILLIAMS of Delaware. How much is the estimated cost of the increases as provided for under this bill?

Mr. YARBOROUGH. For the payments, not for the administrative cost?

Mr. WILLIAMS of Delaware. The projected payments for increased pensions under this bill.

Mr. YARBOROUGH. The cost of the payments would be \$103.2 million annually.

Mr. WILLIAMS of Delaware. How much over the cost of the present law?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. Madam President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 additional minutes.

Mr. WILLIAMS of Delaware. This \$100 million would not be a cost that would extend over the life of the bill. That is only the cost for 1 year. However, what is the total projected cost of the increases as provided in the bill?

Mr. YARBOROUGH. As the distinguished Senator from Delaware so knowledgeably pointed out, this would be a diminishing cost because the retirees and the survivors of retirees are passing away. This is a group of people that is not young. The total cost of the increase over the years is estimated to be \$1,054 million.

Mr. WILLIAMS of Delaware. The total cost of the pending bill, according to the committee report, would be \$1,040 million.

Mr. YARBOROUGH. Spread over the years, until the oldest of these retirees expired. The first year is estimated to cost \$103.2 million. That figure would decline each year as retirees passed away.

Mr. WILLIAMS of Delaware. But the over-all cost would be \$1,040 billion.

Mr. YARBOROUGH. Slightly more than that; a total cost of \$1,054 million.

Mr. WILLIAMS of Delaware. What is the present status of the retirement fund? Is it actuarially sound, or is there an unfunded deficit?

Mr. YARBOROUGH. Actuarily, it is not fully funded. The present unfunded liability is approximately \$40 billion.

We are now talking of two different things—the money we have and the money we should have in the fund.

Mr. WILLIAMS of Delaware. That is right. The projected unfunded deficit is approximately \$40 billion. This bill now adds another billion.

Mr. YARBOROUGH. Projected; that is correct. That, of course, is a projection of what the total cost would be.

Mr. WILLIAMS of Delaware. Ultimately the fund would have to be supplemented by \$40 billion.

Mr. YARBOROUGH. The Senator is correct.

Mr. WILLIAMS of Delaware. It is my understanding that the Department has advised that if there were no increase in the contributions on the part of the employees or the Government—that is, if they were to continue under the present system, 6.5 percent paid by the employee and 6.5 percent by the Government—it is estimated that at the end of 20 or 25 years the fund would be totally bankrupt. Is that a correct statement?

Mr. YARBOROUGH. We are studying that problem. There was a good deal of testimony on that subject in the hearings on the bill. It would be some indefinite time in the future, beyond 20 years.

Mr. WILLIAMS of Delaware. Why study it? As I understood the testimony before the Senator's committee it showed that in approximately 20 to 25 years the fund would be broke unless other provision were made by Congress to supplement the payments.

I wonder if the Senator would agree with Mr. Ruddock on that conclusion, and if so what plans he would suggest to correct this deficit. Surely the committee is aware of this deficit.

Mr. YARBOROUGH. I am not an actuary. I have no occasion to challenge that statement. The committee heard no other witnesses on that subject.

Mr. WILLIAMS of Delaware. Mr. Ruddock is a highly respected actuary. In my opinion, he has done a remarkable job. He has been remarkably accurate in his projected costs, and I am quoting his figures.

Mr. YARBOROUGH. I do not challenge that statement.

Mr. WILLIAMS of Delaware. Then we assume that estimate to be correct, even without the enactment of this bill or any other bill, in 20 or 25 years the fund will be broke, and yet this bill would add another \$1 billion to that debt.

When is the committee going to recognize this fact of life and make a recommendation as to how we can finance these periodic increases which have occurred in the past few years?

Mr. YARBOROUGH. The administration recommended that action on the unfunded liability be delayed until the retirement panel appointed by the President reports. That panel is to study the entire problem of Federal retirement. This would be a part of the study. The administration acquiesced

in the Congress' intention to grant increases. The problem is being worked on, and the President has directed the Cabinet-level committee to report back not later than December 1. It is expected that our committee will begin to study this problem in January after that Cabinet committee has reported.

Mr. WILLIAMS of Delaware. It is my understanding that the administration also recommended that many provisions of the bill be deleted until after the panel has made its report next December.

Mr. YARBOROUGH. It did. And we deleted section 2, as passed by the House.

Mr. WILLIAMS of Delaware. The committee deleted that section which was violently opposed by the administration. However, suggestions were made in connection with some of the other provisions and were ignored. Would it not be more appropriate to wait until after we have the benefit of the advice of the panel? Why should we go to the expense of having a panel make a study and report to Congress when we have passed the bill in the meantime? How is this going to be paid for?

Mr. YARBOROUGH. It is because of the dire need of elderly persons. Thousands of widows are receiving \$44 a month; 10 percent of all retirees receive less than \$50 a month.

The elderly people are in dire distress. That is what caused the committee to recommend this unanimously. The insolvency of the fund was inquired into. We did not glibly approve the proposal without hearings or careful consideration.

The subject had been gone into and the House had held hearings. We did not merely accept the House hearings. We had hearings also.

The total cost would be \$103.2 million a year. It was thought that these people ought to have the benefit of receiving the payments while the panel is in the process of making the study.

Mr. WILLIAMS of Delaware. I do not question that there is merit in some parts of this bill. However, the Senator is well aware of the fact that we cannot always deal with figures alone in the belief that they tell the entire story. Several of these low pensions—

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. Madam President, I yield myself 5 additional minutes.

Several of these existing low pensions are being paid to employees who were only temporary or part-time employees of the Government. Some only worked 5 or 6 years for the Government, and then went into industry, thereby creating a relatively low retirement credit. They went into industry and established other pension benefits. There are many such situations.

This problem cannot be dealt with altogether on the basis of figures. Many of these persons are today drawing two pensions, perhaps a social security pension and a retirement pension from the Government as well as a pension from private industry.

My concern is that last February a Presidential Commission was appointed to make a study of our whole retirement system. This Commission is supposed to report in December. Yet we are not waiting.

The Senator from Texas has made a rather persuasive argument for some of the widows and certain others on retirement. Let us stop deluding ourselves. That is only one section of the bill, but another section deals with increases in perpetuity both for the Senator from Texas and for me as well as for all other Government employees who will later retire. Every one of those employees in the years to come will under this bill have a guarantee against erosion of his pension as a result of inflation; that is, against an increase in the cost of living. Under this bill every time the cost of living rises 3 percent in 3 consecutive months, all retirees will receive a 3-percent increase in their pensions, whether they retire today, next week, 5 years from now, and so forth. After this bill passes, all Government employees will in effect be guaranteed against any erosion of the purchasing power of their pension checks as the result of an increase in the cost of living.

Under this bill there would be an automatic increase in the pensions every time there was a 3-percent increase in the cost of living. Federal employees would be guaranteed against the erosion of their pensions as a result of inflation. That increase would be triggered into effect every time there was an increase of 3 percent in the cost of living.

If we ran into a recession or a period when the cost of living declined for a few years—and we have had some of them—the pensions would be frozen at the higher level.

Under this escalation clause there would be an increase every time there is a rise of 3 percent in the cost of living. But if the cost of living dropped 3 percent or 6 percent, these pensions would be frozen at the peak figure, and the taxpayers of the country would pay for it.

I understand that the administration had recommended to the Senator's committee that if Federal employees are to be given this built-in increase against future effects of inflation there should also be included a provision for reduction in the pension in the event the cost of living drops. It should work both ways.

For example, suppose the Senator from Texas or I retire. We have been talking about \$300 or \$400 a year pensions. Let us talk about someone like the Senator or me whose pension would be substantially higher. Why should we get a Government guarantee against the ravages of inflation? If an increase in the pension were to be triggered by an increase in the cost of living it would be possible for us to get four or five increases—one each time there was a 3 percent rise in the cost of living. But if the cost of living should go down the pension would not decrease. This is a one-way street for the taxpayers, and

yet Congress and the administration are responsible for the inflation.

Mr. YARBOROUGH. That is the way the law was enacted in 1962. The purpose of the amendment is to eliminate some kinks.

Mr. WILLIAMS of Delaware. Oh, yes, it would eliminate the "kinks," by adding over \$1 billion to the cost with no method of raising the money.

Mr. YARBOROUGH. The Congress enacted the basic law in 1962, for an increase in annuity payments if there is an increase in living cost.

Mr. WILLIAMS of Delaware. That was wrong, and this is worse. The proposal before us provides for a far more liberal automatic trigger. It has the effect of guaranteeing every public official against the inflationary results of the spendthrift policies of the Congress. If this bill passes every Member of Congress, including the Senator and me, would have our pension guaranteed against the erosion of inflation. Social security beneficiaries, owners of savings bonds, and those under private pensions do not receive such guarantees. This is an expensive precedent.

We urge people to buy Government "E" bonds. A person who bought a bond 8 or 10 years ago and paid \$3 for it, gets back \$4 now, but he cannot buy with \$4 what he could have bought with the \$2, 8 or 10 years ago. The Senator and I know that. The man loses his interest and one-third of his principal. The reduced purchasing power of his dollar or inflation has destroyed his security.

One hundred and ninety million Americans are not protected by this measure. They are not protected against the dangers of the administration's deficit spending. But Congress is insulating itself against the inflationary effects of our own folly.

How can such action be justified?

Mr. YARBOROUGH. I did not realize that Members of Congress could be covered until the Senator mentioned it. I did not realize that the bill applied to my own retirement. The Committee was giving primary consideration to about 700,000 widows and retirees who are living on income of less than \$200 a month. Sixty-two percent of all employees and survivors and their families have an income of less than \$200 a month. We felt they were entitled to this modest increase.

I do not think we are breaking the Treasury or the retirement fund. This fund will never be broken. Only actuarially is the fund in a deficit.

Mr. WILLIAMS of Delaware. No; not merely actuarially—but actually.

Mr. YARBOROUGH. We discussed this question in committee. I am not a member of the Finance Committee, and I do not want to argue this question on the floor. But I am not talking merely about theory; I am talking about a cash basis, the current assets. That fund is not going to be broken. But, whether we consider it actuarially or theoretically, as the insurance companies do, the cash assets in the fund will be exhausted in

about 25 years. The Retirement Subcommittee studied this problem in 1963. The bill before us then, S. 1562 of the 88th Congress, was given careful consideration. A similar bill, S. 273, is before the Retirement Subcommittee now. The administration has advised the Committee that it would prefer to await the Cabinet Committee's report before taking action.

Madam President, I yield the floor.

Mr. WILLIAMS of Delaware. Madam President, then why not wait until we get this report? I am not quoting testimony given before the Finance Committee but testimony given by the representative from the Retirement Division of the Civil Service Commission, before the Senator's own committee. I suggest that the Senator from Texas read the reports. The best estimate is that with no change in the law in 20 or 25 years this fund will be bankrupt. Why not face this situation now?

Mr. YARBOROUGH. I do not question that actuarially he is correct, but "actuarially" means theoretically.

Mr. WILLIAMS of Delaware. No; he does not say theoretically. These are facts that cannot be ignored.

Mr. YARBOROUGH. Actuarially, yes. If the fund is projected actuarially, as is done by actuaries in insurance companies, what the Senator has said is correct.

Mr. WILLIAMS of Delaware. I suggest that the Senator read again what Mr. Ruddock said. He said that actuarially the deficit of the retirement fund amounts to \$40 billion. Our cash balance today is around \$19 billion. But without our doing anything about it, this \$19 billion will be gone in 20 or 25 years. Either we must increase our contributions or renege on our obligations. That was the testimony of the representative from the Retirement Section of the Civil Service Commission before the Senator's committee.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of Delaware. Madam President, I yield myself 5 additional minutes.

I shall ask the Senator to have the bill recommitted so that the widows he is talking about can be taken care of.

It is that part of the bill which deals with the increased benefits for the widows and low-pensioned retirees about which the Senator keeps talking. Let us correct their problem, but let us eliminate from the bill those provisions which guarantee all future retirees, including the Senator and myself, against the ravages of inflation. Let us stop shadowboxing—it is the \$10,000 and \$15,000 pensions that will reap the bonanza under this bill.

I think we can understand it better if we talk about how it affects the Senator and me, not how it affects some widows.

Mr. YARBOROUGH. I am not willing to limit it to the 535 Members of the Congress, and say that that is any criterion.

Mr. WILLIAMS of Delaware. Perhaps not, but it is the high salaried officials who get the real benefits under this bill.

Mr. YARBOROUGH. We are dealing with more 700,000 retirees and widows. It is not a fair criterion to consider only the 535 Members of Congress and say that that is a proper standard. It is infinitesimal. It is minuscule. I am not willing to recommit the bill. These people are hungry; they need bread and milk now, and I think we ought to vote it for them now.

Mr. WILLIAMS of Delaware. Madam President, in order to give bread and milk to those widows on retirement let us face what we are doing for the Cabinet officers and other top executives of government, including the Senator from Texas and the Senator from Delaware. Let us use ourselves as an example.

Last year Congressional salaries were raised 33 1/3 percent. There is more that goes with the salary increase than merely a salary increase. The retirement pensions—this statement is true for anyone of the 2 1/2 million employees who received salary increases last year—are based on an average of the highest 5 years' salary.

To use our own case as an example our salaries were raised 33 1/3 percent which that not only do we draw, beginning this year, an increase 33 1/3 percent in salary but also our pensions are increased this year and for the next 5 years 6 2/3 percent a year under existing law, resulting in our pensions being increased at the end of 5 years by 33 1/3 percent.

In addition, this bill would add to the 33 1/3 percent which was indirectly approved last year another increase of 2 percent plus another 6 1/2 percent. These additional increases would go into effect immediately, and in the years to come every time the cost of living goes up 3 percent for 3 consecutive months, whether it occur next year, in 5 years, or in 40 years, there would be another 3 percent increase in our pensions. Yes, this means that we are increasing our pensions by 2 percent and by 6 1/2 percent, in addition to guaranteeing ourselves against any future inflation which may result from our spending policies.

I concede that there is some merit in what the Senator is saying about those who are retired on inadequate pensions, but we can help them without adding this additional guarantee for our own benefit. Let us take care of them, but let us not try to get a free ride for ourselves. Every employee in Government from the President on down, would gain an increase under this bill.

Why should the President, the Cabinet officers, the top executives of the numerous agencies and the Members of Congress be entitled to having their pensions guaranteed against any further ravages of inflation at the taxpayers' expense when it is the executive branch and the Congress which are responsible for some of this deficit spending?

Certainly a reasonable argument can be made that if—with the "if" in quotations—if we are to legislate built-in insurance against inflation or an increase in the cost of living for every Government employee, by triggering a 3-percent increase every time the cost of living increases, why should it not work in reverse if the cost of living declines?

Why should we not wait until the first of the year, and get the report of the President's Commission, which report we are going to pay for anyway? Let us get the report, examine it, and arrive at an overall decision as to what we should do and at the same time make arrangements to pay for it.

Mr. YARBOROUGH. We took out section 2 of the bill for that very purpose, to permit the Commission to report and to give Congress an opportunity to study the findings of the committee.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. I yield myself 1 more minute to answer the Senator's question.

We were considering the fate of the 700,000 annuitants. Congressional retirement was never considered. I was on the subcommittee. Hearings were held in the absence of the distinguished Senator from Wyoming. I do not remember it being called to our attention by any witness or any other person that the 535 men and women who were in the Congress would be singled out for special treatment, out of the 2 1/2 million Federal employees.

The purpose was not to try to help ourselves. I resent the implication that we were trying to sneak this through as a bill to help the Congress. It was not in my mind, nor, I am sure, in the mind of the distinguished Senator from Kansas [Mr. CARLSON]. There was not a Senator on either side of the aisle who had that thought in mind. That is why the bill was reported unanimously.

As to Senators who attacked the congressional pay increases last year, we are not debating the congressional pay increases of last year. I state frankly, though, that I voted for them with a clear conscience, because I wanted the voters of my State to see that.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. I yield myself 1 more minute.

I wanted the voters of my State to see that I was voting for it. I did not piously vote against the increase in congressional pay, because I felt the increase was fair, and I wanted my constituents to be able to consider my vote, and retire me if they wanted to do so. I voted for it, and my constituents were kind enough to return me to office with the largest majority I ever received.

Furthermore, I think, in relation to judges and executive officers, these congressional salaries are low. I know of the work of the Federal district judges; I used to be a State court judge. They are not doing half the hard work we are doing in the Congress. They do not have to spend money in campaigns. They do not have to submit their records for judgment by multitudes of people.

I do not concur in the idea that Members of Congress should not be entitled to vote themselves an increase in pay. We earn more money than the executives and the judges are earning.

I am sorry that the distinguished Senator from Delaware felt impelled to go off on something apart from the heart of this bill. I see no merit to his posi-

tion. With regard to those whom the bill is intended to help, I say with great respect—because I have great respect for the efforts of the Senator in behalf of this country and the Senate fiscal policy—that we have the most underpaid.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. I yield myself 3 more minutes.

Among the most underpaid people in this country are the retired people who have worked for the Federal Government.

To think that retirees are well paid is absurd, when there are actual instances of their receiving less than old-age pensions. Testimony before the committee showed that there are many who have to go to the old-age pension boards for money to make up the difference. When the old-age pension investigator comes out, they used to say in my State that the test for the need of assistance was to pass one's hand under a table, to search for discarded chewing gum. If such were found, the report of the investigator would be unfavorable, since chewing gum was considered a luxury, and the old-age pension was designed to cover only the necessities of life. But there are cases in which the people who have given their lives working for the Federal Government are receiving such low retirement pay that they have to get an old-age pension on top of it to hold body and soul together.

This is a modest bill. It ought to pass. It ought to pass now.

I ask unanimous consent that there be printed in the RECORD at this point a letter from the Civil Service Commission, dated August 11, 1965, addressed to the senior Senator from Oklahoma [Mr. MONRONEY], and one from the Executive Office of the President, the Office of the Bureau of the Budget, dated August 11, 1965.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C. August 11, 1965.
Hon. A. S. MIKE MONRONEY,
Chairman, Committee on Post Office and
Civil Service, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request for the official views of the Commission on H.R. 8469, a bill "To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes."

Effective the first day of the third month which begins after enactment, Section 1 of H.R. 8469 would provide the following adjustments in existing annuities:

1. All annuities would be increased by the same percentage as the rise in the Consumer Price Index from the annual average of calendar year 1962 to the month latest published on date of enactment. Through June 1965, this rise has been 4½ percent.

2. Annuities which began, or survivor annuities deriving from annuities which began, on or before October 1, 1956 would be further increased by 6½ percent; annuities which began after October 1, 1956 would be further increased by 1½ percent. When combined with the 4½ percent cost-of-living increase, the total increase to each of these annuitant groups would be 11 percent and 6 percent respectively.

3. Annuities of widows and widowers of former employees who died or retired before the survivorship amendments of 1948, which annuities were later awarded as gifts limited to \$50 or \$63 a month, would be further increased by an amount sufficient to make the total increase equal the lesser of 15 percent or \$10 a month.

For the future, annuities would be increased automatically to reflect changes in the cost of living. Such increases would occur whenever the monthly price index showed a rise of at least 3 percent for 3 consecutive months over the base month used for determining the most recent cost-of-living adjustment.

The bill would make the retirement fund available for the payment of benefits resulting from its enactment, and also for the payment of administrative expenses incurred by the Civil Service Commission in putting into effect the first and all subsequent annuity increases.

Section 2 of H.R. 8469 proposes that the annuities of eligible widows and widowers of employees who die in service or who retire and die after enactment will be 60 percent of the earned annuity or of the survivor base selected by the employee, instead of the 55 percent provided by existing law.

The initial annual cost of the annuity increases proposed by section 1 of H.R. 8469 is estimated to be \$101.9 million, with an increase in the unfunded liability of about \$1,040 million. Section 2 would increase the normal cost of the system by 0.18 percent of payroll. It would add \$817 million to the unfunded liability, and would incur an annual cost of approximately \$58 million on the normal cost plus interest basis. The total first-year cost of section 1 and 2 would be \$102.4 million, and the unfunded liability would be increased by a total of \$1,857 million.

By memorandum dated February 1, 1965, the President created the Cabinet Committee on Federal Staff Retirement Systems under the chairmanship of the Director of the Bureau of the Budget. In that memorandum he directed a review of the whole structure of our retirement policies, including the pattern and amounts of benefit payments. He specifically requested examination of survivor benefits available under the various plans.

The Commission is of the opinion that it would be best to defer retirement legislation until it can be considered in the light of the findings and recommendations which will be included in the Committee report scheduled for completion by December 1, 1965. However, some justification can be found for immediate adjustment of existing annuities. In 1962 the Commission devised and submitted a plan for permanent adjustment of annuities to reflect changes in the cost of living, and that plan with minor revision was enacted as part of Public Law 87-793. Experience to date has shown that the mechanics for adjusting annuities to reflect living costs can be improved and the time element shortened by using the monthly price index instead of an annual average. Accordingly, the Commission will not object to enactment of H.R. 8469 insofar as it proposes adjustment of existing annuities to reflect changes in the cost of living.

We strongly recommend that section 2 be deleted from H.R. 8469. Section 2 is totally unrelated to the adjustment of existing annuities and proposes a major permanent liberalization in the retirement system. The proposal is made without regard to its relationship to other fringe benefits and without any demonstration of a need which would in any way justify its cost. It is the sort of piecemeal approach to retirement legislation which this administration seeks to check by the formulation of up-to-date policies in the light of the Cabinet Commit-

tee's study of the whole Federal retirement structure.

The Bureau of the Budget advises that enactment of H.R. 8469 would be inconsistent with the program of the President if it includes the provisions now in section 2 of the bill.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr.,
Chairman.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 11, 1965.
Hon. A. S. MIKE MONRONEY,
Chairman, Committee on Post Office and
Civil Service,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: reference is made to the committee's request for the views of the Bureau of the Budget respecting H.R. 8469, "To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes."

The bill would increase all annuities payable to employees or their survivors who have retired under the Civil Service Retirement Act before the first day of the third month beginning after date of enactment. The annuity increase would be composed of two portions: first, an increase equal to the percentage increase in the Consumer Price Index since 1962 (which was 4.5 percent as of June 1965) plus an increase of either 6½ percent for persons whose annuities commenced on or before October 1, 1956, or 1½ percent for those whose annuities commenced after that date. Another adjustment is provided for certain pre-1948 survivors who were specially provided coverage under previous amendments. The bill would also revise the 1962 formula for future automatic cost-of-living adjustments in annuities. The Civil Service Commission estimates the first-year cost of these annuity increase provisions to be \$101.9 million, and the increase in the unfunded liability of the system to be about \$1,040 million.

Section 2 of the bill would increase the ceiling on the survivor annuity payable on death of an employee or annuitant to 60 percent of the earned annuity, or of the base selected for annuity, instead of the present 55 percent. In a report which the Chairman of the Civil Service Commission is submitting to your committee on this bill, opposed to this provision, he estimates it would increase the normal cost of the system by .18 percent of payroll, adding approximately \$85 million to the annual cost on the normal cost-plus-interest basis, and adding \$817 million to the unfunded liability. The chairman states that this provision is unrelated to the annuity adjustment problem, has not been demonstrated to meet a need which would justify its cost, and represents the piecemeal approach to retirement liberalization which the President's Cabinet Committee study is designed to prevent. The Bureau of the Budget concurs in the views expressed by the Civil Service Commission.

Accordingly there would be no objection to enactment of H.R. 8469 provided section 2 is deleted, as its enactment would not be consistent with the administration's program.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

Mr. WILLIAMS of Delaware. Madam President, I did not mean to get the Senator from Texas so excited. I was not singling out Members of Congress. I said this guarantee against inflation applied to the President's pension as well as that of all other executives. I recognize that we are not debating the salary increases of last year. I repeat—and I do not want

to get the Senator excited again because he mentioned heart failure—I certainly do not want any Senator to suffer heart failure on the floor because I describe how Congress benefits under this bill.

Mr. YARBOROUGH. The Senator will get me excited every time he wants to keep these people from receiving a little increase.

Mr. WILLIAMS of Delaware. I gathered that what excited him was my reference to the 535 or so who are Members of Congress, but I will not talk about Congress if that causes the Senator to become so excited. Let us talk about Cabinet officers and other top officials instead, or about any civil service employee. To the extent that any employee receives a salary increase we can divide that percentage increase over the next 5 years and determine the increase in the pension by that amount. If we increase the salary of a Cabinet officer by one-third that is the amount of his pension increase. It is a matter of simple mathematics.

In addition, under this bill another 2 percent is added, and also another 6½ percent is added, and then in addition every time the cost of living rises 3 percent for 3 consecutive months another 3 percent will be added.

Under the Great Society's deficit spending inflation is inevitable, but under this bill should we have a further erosion of the dollar, which means an increase in the cost of living, all Government pensions will be increased automatically. So far as the employees of the U.S. Government are concerned, they will be insured against any possible erosion of their pensions by subsequent inflation. That is something very desirable, of course, but it is also desirable to the 190 million other Americans; and who pays for this guarantee.

Why should we give Government employees that safeguard at the expense of the other Americans who will not only have to suffer from the inflationary erosion of their own pensions but also have to pay the taxes to finance this program.

Senators can talk all they please about widows and orphans—and I sympathize with widows and orphans as much as does anyone else—but we cannot get away from the fact that in taking care of widows and orphans, for whom we are shedding these crocodile tears, we are taking care of ourselves.

If we wish to take care of the widows and orphans let us pass a bill to take care of them. If such a bill is introduced I shall support it. Let us not load the bill down with a guarantee to every official of the Great Society that he personally will not have to suffer from the inflation he creates.

Mr. Ruddock's statement is that this fund today, on an actuarial basis, will be about \$40 billion in deficit. The bill before us adds another \$1.054 billion to that deficit. It is also Mr. Ruddock's statement—and he is a very reliable individual—that if Congress does nothing in the next 20 or 25 years and some provision is not made to supplement the income of this fund over and above what is being collected it will be bankrupt in 20 or 25 years.

Of what use is an increase in a pension if the fund is bankrupt?

Those are warning statements of persons who are managing the funds. Those are statements given not to my committee but to the Senator's committee.

I now yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I do not wish to become involved in any discussion of salaries and pay increases by my distinguished colleagues from Delaware and Texas. However, I say most respectfully to my good friend from Delaware that his speech in regard to the cost-of-living adjustment annuities should have been made in 1962.

Mr. WILLIAMS of Delaware. I made this same argument in 1962, but I was defeated in my efforts.

Mr. CARLSON. There is no change in the pending bill, H.R. 8649, over the section that is found in Public Law 87-793, 87th Congress, H.R. 7927, October 11, 1962, except that the pending bill is on a quarterly basis, when adjustments are made. In the existing law the increases for annuitants are in effect today, but they are on an annual basis. I should like to have the RECORD contain the cost-of-living adjustment of annuities section, section 18, which is found in the public law which I have cited. It reads:

COST-OF-LIVING ADJUSTMENT OF ANNUITIES

Sec. 18. (a) After January 1, 1964, and after each succeeding January 1, the Commission shall determine the per centum change in the price index from the later of 1962 or the year preceding the most recent cost-of-living adjustment to the latest complete year. On the basis of such Commission determination, the following adjustments shall be made:

(1) Effective April 1, 1964, if the change in the price index from 1962 to 1963 shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2, 1963, shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

(2) Effective April 1 of any year other than 1964 after the price index change shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2 of the preceding year shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

Mr. President, I cannot see any difference between the two provisions. The Senator is making a good argument about this fund. I have expressed myself on these funds, not only with respect to the present one. All the funds are in difficulty, when we look to the future. We should do something about the situation. The committee discussed it before the bill was reported, and we hope that the Commission appointed by the President will bring in some recommendations.

When they do, I shall support the recommendations. I believe the Commission will do it. However, I say to the Senator that even if we do not pass the pending bill the 3-percent cost-of-living increase is in effect now. If we wish to use the Members of Congress as an example, that is all right, but it affects everyone. That is the law.

Mr. WILLIAMS of Delaware. The Senator from Kansas is partially correct. However, there is an additional provision in the bill liberalizing the formula. The existing law triggers it as of January 1 and computes it on a yearly basis. The cost of living may rise 3 percent for a part of the year and then drop back, and there would be no increase under existing law. This bill provides that if for 3 consecutive months—and that could be March, April, and May, or September, October, and November—if the cost of living increases for 3 consecutive months by 3 percent, the automatic increase goes into effect and remains in effect even though the cost of living later declines.

The bill also provides an additional 6½-percent increase which is an extra bonus.

The bill provides 11 percent for those who retired prior to 1956.

I point out that the Senator from Kansas is partly correct. In my opinion, in 1962 Congress made a mistake, and I so expressed myself then. I lost then. I may lose again today, but at least I want the record clear as to what we are doing.

This bill today provides for an immediate increase that will ultimately cost over \$1 billion with no provision contained in the bill to pay for that formula.

If we are to pass these laws let us put a price tag on them. This bill will cost \$1,054 million. If Congress decides it is worth paying that amount, why do we not appropriate \$1,054 million and put that money into the fund? We should tell the taxpayers the true cost. If the administration is afraid of the taxpayers' revolt over the necessary increase in taxes to pay for these bills then they should not be passed.

If we do not appropriate the money the only alternative is to increase the contributing rates for either the employees or the Government, or both.

Mr. CARLSON. It is interesting to note that in the first year following the establishment of the civil service system the Federal Government did not contribute a dollar, which I regret very much. The employees paid their own money into the fund, and for years the only amounts paid back to annuitants were from the money they paid in.

During the past few years the Federal Government has not contributed its share. The Federal employees continue to contribute full share.

I suggest an increase in the assessment. I am in favor of the Federal Government paying.

Mr. WILLIAMS of Delaware. The Senator from Kansas is correct on that point. Over the years Congress has not appropriated money to enable the Federal Government to include in the budget its proportionate share to finance the fund, but this bill only compounds the failure.

I have supported a pay-as-we-go program. I say again that we are only kidding the taxpayers as to our expenditures when we delay that payment. Why do we not provide for the payment of the \$1 billion by appropriating that amount and marking the account "Paid"?

Shall we go home and tell the retirees and other people that although we are voting increased pensions we are making no provision to pay for them?

We shall either have to add to the amount that employees contribute to the retirement fund or pay for the cost out of the appropriated funds and thereby have the increase paid by the taxpayer. Somebody has to pay.

When we go home and talk about benefits approved we should have to talk about increased taxes as well. Let those Members voting for these increases also vote for the increased taxes that ultimately will have to be levied to finance the many Great Society extravaganzas.

This bill provides a much more favorable formula that can trigger this increase into effect when the cost of living rises in 3 consecutive months.

But when the cost of living declines by 2 or 3 percent the formula does not apply.

Once the 3-percent increase was triggered, the taxpayers would be hooked for years to come, because not only would the benefits be automatic for those on retirement but they would automatically increase pensions in the years to come.

At the time a particular employee retires the cost of living may even be lower than it is at this moment.

If there is to be a trigger, it should work both ways. Some in the Department feels that it should work both ways. I believe the answer is very simple. Do we want to establish a special provision for employees of the Government whereby we can say: "Do not worry about what Congress does; do not worry about the spendthrift policies of the Great Society because your pension is guaranteed against inflation. If an inflationary spiral is created in the country and the dollar is devalued, do not worry about it. If you are on a Government pension, the purchasing power of your pension is protected."

Mr. LAUSCHE. The Senator from Delaware just stated, in effect, that we are saying to the Federal employees: "Do not worry about inflation if you are an annuitant at present, because by this law we have taken care of you. Automatically, at the end of every 3 months, if there is a 3 percent rise in the cost of living, there will be given an added 3 percent on retirement pay."

What will become of the millions of other annuitants in this country who are receiving private annuities? What will become of State employees and city employees?

Mr. WILLIAMS of Delaware. And retirees in the military service along with all on private pensions as well? They will have to make out as best they can. The bill does not protect them or provide any inflationary hedge—only for Federal employees.

Not only does it not protect them but it also provides that in addition to looking out for themselves as best they can they will have to contribute, as taxpayers, to the protection of the Federal employees.

Mr. LAUSCHE. That is, the general annuitant, as distinguished from the Federal retiree, will have to take care

of the increased cost of living as best he can. In addition, he will have to contribute to sustain the fund.

Mr. WILLIAMS of Delaware. Yes. As a taxpayer he will have to contribute to sustain this fund so that under this bill we can pay additional cost-of-living increases to all of the 2½ million Federal employees.

Mr. LAUSCHE. May I put a few questions to the Senator from Delaware with regard to the present status of the bill?

Mr. WILLIAMS of Delaware. Yes.

Mr. LAUSCHE. My recollection is that 2 years ago the Government owed \$35 billion into the fund. Has the amount now reached \$40 billion?

Mr. WILLIAMS of Delaware. I was talking with Mr. Andrew E. Ruddock, of the civil service retirement division, a man for whom I have great respect. His estimate is that the deficit in the fund is now about \$40 billion. This bill would add another \$1 billion to that deficit.

Mr. LAUSCHE. Mr. President, will the Senator from Delaware yield?

The PRESIDING OFFICER (Mr. HARRIS in the chair). Does the Senator from Delaware yield to the Senator from Ohio?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. The Senator from Delaware knows about the Foreign Service retirement fund. It protects workers of the Federal Government in the Foreign Service. The Federal Government now owes that fund \$284 million. Today, if the Federal Government paid the whole sum of \$284 million, in order to keep the fund actuarially sound, it would require a 30-percent contribution from each Foreign Service employee's salary. Therefore, if a Foreign Service employee is earning \$15,000 a year, in order to keep the fund sound, \$4,500 of his \$15,000 would have to be paid into the fund. This would mean that if it were split between the Government and the employee, each would contribute 15 percent. However, it is now proposed that the employee put in 6½ percent and the taxpayers the remaining 23½ percent.

In addition to the \$1 billion which was in this bill there are no figures for the automatic triggers which go into effect in future years because no one knows the extent of the inflation in future years, but to the extent there is inflation in future years that would be in addition to \$40 billion.

The Government owes \$41 billion to the fund.

Will the Senator restate the opinion expressed by the actuary concerning the financial soundness of the fund as it now exists?

Mr. WILLIAMS of Delaware. My understanding is that if Congress takes no action to appropriate the money or increase the contributing rate on the part of employees and the Government but continues as at present, this fund, which now has around \$17 billion in it, will be bankrupt in 20 or 25 years.

Mr. DIRKSEN. It will not take that long. I have received some figures from the Civil Service Retirement Board in connection with the Independent Office bill. I testified this year to get \$1,063

billion put in that bill—the actuarial unsoundness of the fund. Long ago I conferred with the late President Kennedy many times, and after those consultations we drafted a bill, a budget bill to increase the Government share by one-half of 1 percent annually up to a given number of years, to restore the soundness of the fund. That bill died in the Civil Service and Post Office Committee and nothing was ever done.

Mr. LAUSCHE. In other words, we want to expand the payments, but not give regard to the expansion of income to meet the burden of making payments.

Mr. DIRKSEN. This proposal would add a billion dollars to unfunded liability.

If there is added the triggering unfunded rise, 3-percent retirement, and all the other little retirement schemes, the last figure I have seen, if we add the public debt, is \$843 billion. We are getting close to the trillion mark.

In view of the fact there is a Cabinet Committee on Permanent Annuity Assistance and it is not due to file a report until the first of December, this matter ought to go over, and we ought to have the benefit of the Cabinet study before we can intelligently legislate on this matter, instead of making this a piecemeal program.

Mr. WILLIAMS of Delaware. I thank the Senator from Illinois, and I agree fully with the comments he made. I am familiar with the figures he put in the RECORD which indicate that the fund would be broken in a shorter period than the 20 or 25 years to which I referred.

I am inclined to think his figures are correct, but I was quoting the outside figures. Even with the outside estimate I received, it would be bankrupt in 20 to 25 years and almost all of those in charge of the bill agree with the Senator from Illinois that it will be much earlier than that. Soon Congress will be confronted with a bankrupt fund unless it takes some action.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield. Mr. LAUSCHE. The report states on page 5:

By memorandum dated February 1, 1965, the President created the Cabinet Committee on Federal Staff Retirement Assistance under the foremanship of the Director of the Bureau of the Budget.

Mr. WILLIAMS of Delaware. That is correct.

Mr. LAUSCHE. Am I correct in assuming the President recognizes that a study has to be made of the Government retirement funds and recommendations of how the difficulty shall be handled, and that therefore he established this committee?

Mr. WILLIAMS of Delaware. That is correct. They are supposed to report the first of December.

My point is, why should we not wait and get the benefit of that report before we start a piecemeal expansion of the present system.

Mr. LAUSCHE. Mr. President, will the Senator from Delaware yield for a brief statement?

The PRESIDING OFFICER (Mr. HARRIS in the chair). Does the Senator from Delaware yield to the Senator from Ohio?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. The Senator from Delaware knows about the Foreign Service retirement funds. They protect the workers of the Federal Government in the Foreign Service. The Federal Government now owes that fund \$284 million. If the Federal Government paid the whole sum of \$284 million today, in order to keep the fund actuarially sound, it would require a 30 percent contribution from each Foreign Service employee's salary. I repeat, 30 percent. Therefore, if a Foreign Service employee is earning \$15,000 a year, in order to keep the fund sound, \$4,500 of that \$15,000 would have to be paid into the fund. That would mean that if it were split between the Government and the employee, each would give 15 percent; but, it is now proposed that the employee put in 6½ percent and the taxpayers 23½ percent.

We all understand where we are heading. All of this confusion in the Foreign Service fund is the consequence of expanded payments without expanding the contributions which had to be made into the fund to keep it actuarially sound.

I subscribe to the position taken by the Senator from Delaware. I am deeply convinced that we cannot prevent inflation. Congress is indicating its own conviction that it cannot prevent it because of the principles it is adopting.

Mr. President, it makes no difference what the Senator from Texas says about it, the fact is that I will be benefited on my \$30,000 salary, under the provisions of the pending bill, by an increase which, according to what I read in the report, will be 11 percent.

Mr. YARBOROUGH. Mr. President, will the Senator from Ohio yield at that point?

Mr. LAUSCHE. Not at this time.

Mr. YARBOROUGH. On my own time?

Mr. LAUSCHE. I am glad to yield, on that basis.

Mr. YARBOROUGH. Let me point out that the annuities are not mandatory. No Senator has to accept them. They are voluntary. A good bite from my salary is taken out each month for that purpose.

Mr. LAUSCHE. I heard the Senator's argument.

Mr. YARBOROUGH. Senators do not have to accept the annuity. If they do not wish to do so, the Government will not make them take it. It is voluntary.

Mr. LAUSCHE. I am reluctant to repeat this, but the Senator from Texas knows that I voted against the increase of 33½ percent in Senator's salaries. I am giving my \$7,500 increase to eleemosynary institutions. I did that because I felt that Congress should set an example by fighting inflation. Congress should not set an example which is heading everyone, at full speed, toward the eroding consequences which come from extravagant spending of the Federal Government's money.

I did not wish to make this statement, but the Senator from Texas tells me that I do not have to take the annuity.

To get back to my thought, I would be entitled to 11 percent more, as I understand, under the pending bill.

God help the taxpayers. God help the poor fellow who is working for a fixed salary.

I do not agree with the Senator from Texas that Federal Government employees are underpaid. I do not subscribe to that statement.

Mr. WILLIAMS of Delaware. I thank the Senator from Ohio for his contribution to this argument.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. Mr. President, how much time is left to each side?

The PRESIDING OFFICER. The Senator from Delaware has 20 minutes remaining, and the Senator from Texas has 37 minutes.

Mr. WILLIAMS of Delaware. I do not believe that we shall need all that time. I understand that the Senator from Florida has an 8-to 10-minute statement which he wishes to make. I ask unanimous consent that he be recognized so that he may make his statement, the time not to be charged to either side.

Mr. YARBOROUGH. Mr. President, I object—not to the Senator from Florida speaking, but I believe that we are about ready to vote on the bill.

Mr. WILLIAMS of Delaware. Then I am willing to yield to the Senator from Florida 8 minutes out of my own time for the purpose of making his statement.

Mr. YARBOROUGH. The Appropriations Committee is meeting to hear Secretary of State Dean Rusk on a very important matter in executive session. Most of us on that committee are anxious to attend the hearing.

Mr. WILLIAMS of Delaware. Mr. President, I yield 8 minutes on my own time to the Senator from Florida. If he needs any additional time, I will submit an amendment so that he may get whatever time he desires.

The PRESIDING OFFICER. Is there objection?

THE 400TH ANNIVERSARY OF SETTLEMENT OF ST. AUGUSTINE, FLA.

Mr. HOLLAND. I thank the Senator from Delaware for yielding to me. I am sorry I did not advise the Senator from Texas that it would be my intention to speak and as to what would be the subject of my remarks, because I know that both of us wish to hear the Secretary of State at the hearing now underway.

Mr. YARBOROUGH. Mr. President, I have no objection to listening to the Senator from Florida. I merely object to extending the time.

Mr. HOLLAND. I understand. I should like to make it plain that nothing less than an urgent subject matter would have prompted me to ask for any time just now for I, too, wish to be at the hearings on the foreign aid bill. Later I must attend a conference on appropriations. I believe that the distinguished Senator and I both wish we had more time this afternoon. But today is the 400th anniversary of the permanent settlement of what is now the continental

United States. It was on this day, 400 years ago, that Pedro Menendez de Aviles of Spain landed at St. Augustine. That little city has been permanently occupied every day since that time.

Mr. YARBOROUGH. I commend the Senator from Florida.

Mr. President, I withdraw the objection that I made. I agree that this subject is worthy of comment at this time.

The shoreline of my State was mapped in 1519 by one of the great Spanish explorers, Pineda. It is still a good map of the shoreline of the Gulf of Mexico.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. HOLLAND. I was sure that my distinguished friend the Senator from Texas would wish to know about this quadricentennial. I am not boasting, but only relating the fact that when the shoreline of Florida was discovered in 1513, it received its name from the fact that its Spanish discoverer, Ponce de Leon, discovered it on an Easter day when the flowers were in full bloom everywhere, and he gave it the name "Florida" to symbolize the flowery welcome which the Spanish discoverers found when they got there.

Mr. President, this is a great day for my State, for several other great States of our Nation, for most of Latin America, and for Spain, which truly is the mother country of so much of our Nation and of this Western Hemisphere.

Today, September 8, 1965, is the 400th anniversary of the settlement of St. Augustine, Fla., by the original Spanish pioneers, the first Europeans to establish a permanent settlement in what is now the continental portion of the United States of America.

It was my great pleasure to spend last weekend at occasions which marked the formal opening of the quadricentennial celebration.

On Thursday night, Mrs. Holland and I were guests of the Spanish Ambassador, the Marquis de Merry del Val, and his wife, at the Spanish Embassy in Washington at a dinner given in honor of the distinguished eight-man official delegation from Spain, and their ladies. It was attended by many officials of our country and of Latin American nations. Friday noon I attended a luncheon at the Department of Interior given by Secretary Udall in honor of our Spanish guests.

Saturday I presided at the dedication of the Pan American Building at St. Augustine where Ambassador Plate of Paraguay, chairman of the Organization of American States, was the principal speaker. That night we were guests at a large dinner given by the city of St. Augustine at which the speakers were Mayor John D. Bailey, the Minister of Interior of Spain, Lt. Gen. Camilo Alonso Vega, who was head of the Spanish delegation, Secretary-General Jose A. Mora of the OAS, and Secretary of State Tom Adams of Florida.

Sunday morning we attended a dignified outdoor Mass at the Nombre de Dios Shrine at the spot where the Spaniards landed in 1565. Later we attended the dedication of the Florida Building by Gov. Haydon Burns and the Governor's

luncheon where Governor Burns and the Hereditary Spanish Governor of Florida, the 19th descendant of Pedro Menendez, the first Spanish Governor, were guests of honor and principal speakers.

Mr. President, I think it is worthy of note that that worthy descendant of Pedro Menendez still holds the honorary title of Hereditary Adelantado of Florida.

Sunday afternoon I presided at the dedication of the Hispanic Garden and the unveiling there of a statue of Queen Isabella, and later at the dedication of the Spanish building, Casa del Hidalgo, a beautiful structure of native coquina planned by a noted Spanish architect who was present. The speakers were Gen. Alonso Vega and Secretary of the Interior Udall who were followed by Archbishop Hurley who gave the dedicatory blessing.

The actual anniversary of the landing of Pedro Menendez is today, September 8, and the Catholic Church is putting on a highly dignified celebration of the anniversary on this date which will be participated in by many high-ranking members of the clergy and other distinguished citizens from Spain, the Latin American countries and our own Nation. My distinguished colleague, Senator SMATHERS, is participating in that program today. I think it is appropriate to say that the Catholic Church has also spent a large sum in constructing additional edifices at and near the site of the Nombre de Dios Mission, including among others an imposing bridge, a museum and a library. I feel that this date—the 400th anniversary of the first permanent settlement by European people upon the mainland of the United States is an event of such vast importance, calling attention as it does to the great debt which we owe to Spain, particularly in the States of Florida, Texas, New Mexico, Arizona, and California, though not limited to those areas, that it should be the subject of a permanent insertion in the CONGRESSIONAL RECORD.

I may add that the various programs at St. Augustine have been largely attended and warmly received. I feel sure that the 400th birthday of St. Augustine will be followed by greater unity in the Western Hemisphere and greater closeness with Spain as well as deeper appreciation of our Spanish heritage in Florida and indeed in much of our Nation and throughout Latin America.

I hope to have later for insertion in the RECORD the dedicatory speech of Ambassador Plate of Paraguay, the present Chairman of the Organization of American States, at the dedication of the Pan American Building, and the speech of the Spanish Minister of the Interior, Lt. Gen. Alonso Vega dedicating the beautiful Spanish building. Unfortunately, I have not yet received English translations of these two eloquent and noteworthy addresses and I shall therefore ask at a later date that they be included in the CONGRESSIONAL RECORD along with the speech of Secretary Udall. I want at this time, however, to have printed in the RECORD as a part of my own remarks the eloquent

speech of the Secretary-General of the OAS, Dr. Jose A. Mora, which was delivered by him at St. Augustine, upon the occasion of the 400th anniversary of the founding of the city of St. Augustine and the permanent settlement of Florida by Spain.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS OF THE SECRETARY GENERAL, ORGANIZATION OF AMERICAN STATES, DR. JOSE A. MORA, UPON THE OCCASION OF THE 400TH ANNIVERSARY OF THE FOUNDING OF THE CITY OF ST. AUGUSTINE, SEPTEMBER 4, 1965

The gathering to which we have come in celebration of the 400th anniversary of the founding of the city of St. Augustine has a significance which, to my way of thinking, far exceeds commemoration of a historical event or recollection of the past. I view it rather as opening a way to the future.

Today more than ever there is pressing need for us to go back to our continental beginnings for strength to build solidarity among the peoples of the New World. We have long been engaged in this effort, but we have often failed to recognize our common heritage to the extent that we should, and to draw upon those roots from which has sprung our American family of nations.

President Kennedy, who should ever be an inspiration to us, once said: "Too many Americans think that America was discovered in 1620, when the Pilgrims arrived in my State, forgetting the great adventure of the 16th and 17th centuries in the South and Southwest of the United States."

Indeed, as those present well know, it is here in St. Augustine, where the Spaniards first planted the Christian cross and established the earliest outpost of so-called Western civilization, that the oldest city in the United States is to be found. The name of Pedro Menéndez de Avilés has been inscribed forever on the roll of those whose mighty efforts have built the American nation of today. Other men, other races, other religions, other ideas, other movements have had their share in that great undertaking, but no one can question that the land of Florida has made a singularly fruitful contribution in human terms.

In the last analysis, Julian Ponce de León was not entirely mistaken in his fancyings. It is claimed that he had ambitions of great wealth, and, good Spaniard that he was, he thought the best way of achieving them lay in the discovery of the fountain of youth. Something of the enterprising spirit of the Spanish conquistador seems to be present in the soul of every man in the United States, not to speak of the American woman, who seems truly to have found the secret of eternal youth.

Spain, then, not only located in Florida the fountain of youth, but, better still, managed to establish that concept of the state for all time to come.

This is not all, however. The organizers of these events in celebration of the 400th anniversary of the founding of St. Augustine have kindly chosen to link therewith a tribute to the Organization of American States, which this year is observing its own 75th birthday. The memory of St. Augustine's historic past is thus joined with the present-day ideal of Pan Americanism. This association of ideas fills me with enthusiasm, for it contains a profound truth.

In our present world, the nations of North, Central, and South America have resolved to present a common front against any challenge to the democratic ideals which have taken such firm root in our soil. We cannot agree to our inclusion in a heterogeneous "third world" of neutrals. We seek to be members of a great Atlantic community, the

heirs and propagators of the great liberal tradition of Western civilization.

We do well to hold fast to our ancient past, as represented by St. Augustine and the exploits of those bold adventurers from Spain who, to our everlasting amazement, explored so great a part of the territory of the United States in a scant 50 years after the discovery. United and strengthened in our recollections of those brave deeds, we face the future with increased confidence.

The Organization of American States was founded to aid us in our resolve. In the name of our peoples we have proclaimed the moral and political principles that are to guide us in the work of civilization begun by our ancestors. We are convinced, as the charter of the Organization says, that the historic mission of America is to offer man a land of liberty, and a favorable environment for the development of his personality and the realization of his just ambitions.

Florida bears every mark of being created to serve inter-American communion. It forms a bridge between north and south, a ground provided by geography for meeting, for understanding, and for cultural interchange. Here Spanish mingle with English in a medley which may threaten the purity of both, but which serves admirably for increasing fraternization. The work of good will is splendidly promoted by the spirit of friendly cooperation evidenced both by the authorities and the people of the state. Commercial and social intercourse here encounters the most favorable of environments. The rapidly growing wealth of the state gives impulse to Latin American prosperity in addition to benefiting the United States.

I therefore salute this day the achievement of those men who in government, private industry, labor, the universities, and all sectors of the population have, by their efforts, transformed Florida into one of the splendors of civilization. This peninsula, in which the Spanish conquistadors discovered the germs of future greatness of a country to be, serves the Americans of today as a gateway to the heavens. Here the dreams of science become reality as man embarks upon the conquest of the universe. The cross traced on the sands by the Spanish explorer today is replaced by a cross drawn in the air by jets flashing in horizontal flight from continent to continent and rockets shooting vertically toward the reaches of outer space.

This, to my mind, is what Florida really represents—a new civilization, which offers man all the instruments needed for achieving his own happiness and that of his children, and for winning the battle for a lasting peace that will benefit all people of the earth.

The spirit of the OAS will always be present here, for the interests of the Organization are one with the ideals which have been so firmly implanted in this soil. Not far off our American brothers in other countries are laboring toward the same goals. To them we must lend a helping hand in their struggle for liberty. I am sure that this feeling is shared by the leaders of this State. With their cooperation and that of men throughout the Americas, our presence in Florida will be increasingly fruitful in benefits to mankind.

In our efforts to build a better future, we shall ever be guided by the remembrance of this city of St. Augustine, which forms so rich a portion of our heritage. For we shall recall that here was first implanted the civilization that binds Americans as brothers, and that here were first raised, on behalf of our continent, the prayers that unite man with God.

Mr. HOLLAND. Mr. President, I thank the distinguished Senator from Delaware and the distinguished Senator from Texas for yielding to me.

Mr. YARBOROUGH. Mr. President, I commend the distinguished senior Senator from Florida for the timeliness of his speech and for the condensation and the brevity of his remarks which covered so much in so few words.

CERTAIN INCREASES IN ANNUITIES PAYABLE FROM THE CIVIL SERVICE RETIREMENT AND DISABILITY FUND

The Senate resumed the consideration of the bill (H.R. 8469) to provide certain increases in annuities payable from the Civil Service Retirement and Disability Fund, and for other purposes.

Mr. LAUSCHE. Mr. President, I ask for the yeas and nays on the pending bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. YARBOROUGH. Mr. President, I yield 5 minutes to the distinguished Senator from Oklahoma.

Mr. KUCHEL. Mr. President, did we ask for the yeas and nays on a motion to recommit made by the distinguished senior Senator from Delaware?

Mr. WILLIAMS of Delaware. I did not make a motion to recommit. The yeas and nays were ordered on the passage of the bill. However, I am willing to make a motion to recommit.

Mr. YARBOROUGH. Mr. President, the Senator from Oklahoma is the chairman of the committee. I believe that we should first hear from the distinguished chairman of the committee.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. MONRONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONRONEY. Mr. President, have the yeas and nays been ordered on passage?

The PRESIDING OFFICER. The yeas and nays have been ordered.

The Senator from Oklahoma is recognized for 5 minutes.

Mr. MONRONEY. Mr. President, for 5 minutes I will express my wholehearted support of H.R. 8469. I also wish to express my sincere appreciation to the senior Senator from Texas for his leadership in guiding this important legislation through the Retirement Subcommittee and the full Committee on Post Office and Civil Service. Senator YARBOROUGH conducted 2 days of important and very informative public hearings on H.R. 8469. In our discussion of this bill in Committee, his knowledge of the subject matter was an invaluable aid to us all in coming to our decisions.

H.R. 8469 increases the annuities of our retired classified and postal employees. It revises the amendments made in 1962 to the Civil Service Retirement Act so that the administrative process of adjusting annuities according to the cost of living will work more effectively. Time has proven that the 1962 amendments were to a certain extent defective and did not fulfill the aims which Congress hoped for. We believe the change from an annual to a monthly basis for determining the cost-of-living increases

will benefit both the retired employees and the Civil Service Commission which administers the program.

I am in complete agreement with the distinguished ranking minority member of the Committee on Post Office and Civil Service, the former chairman of the committee during the 83d Congress, that in fact this bill does not change the 3-percent formula for adjusting annuities. It is a case of Tweedledee or Tweedledum. The bill before us only changes the method of determining when these 3-percent adjustments shall be made. Present law requires determination on an annual basis; the bill before us requires a monthly determination. By changing to a monthly basis—a change which the administration approves—a more accurate and equitable system will be achieved.

I add my support to the committee's decision to delay any substantive changes in the Retirement Act until the Congress has an opportunity to study the results of the President's Committee on Federal Staff Retirement Plans. This special panel has held several days of public hearings this year and has heard the views of both employee organizations and experts in the field of retirement programs. There is no doubt that changes will be proposed in the Retirement Act to correct its deficiencies and improve its fiscal soundness. The chairman of the Civil Service Commission, the Honorable John W. Macy, Jr., assured the Retirement Subcommittee of that when he testified before them in August.

The survivor annuity provision of the act, which provided for an increase of 5 percent, was eliminated from the bill. The elimination of this provision affords a saving of approximately \$58 million level cost over the years. In the 55th year, it is estimated that there would be a saving of \$121 million. That provision was cut out of the bill, until we can give the matter further study. We have given this matter very careful attention.

There are several areas where improvements can be made. The survivor annuity provisions of the act for short-term employees are an area of major concern, both to the President's Committee and to the Senate committee. But I agree with the senior Senator from Texas and the decision of the full committee to defer action until the important evidence and conclusions of the President's Committee can be studied by Congress.

Finally, Mr. President, I wish to impress upon my colleagues that these are not mere figures with which we deal. "Cost-of-living percentage increases," "base months," "Consumer Price Index statistics"—all of these terms which go into the statutory language of the Civil Service Retirement Act, are by themselves cold and meaningless terms.

We are talking about people, human beings. These are the retired, aged, Federal employees who have worked many years, most of them during times when Federal salaries were far below salaries in private enterprise, and are now living on their retirement annuities and whatever other money, if any, they have.

Even today we are confronted with the problem of making salary adjustments that will afford comparability to Federal employees. Most Federal employees make less than comparable employees in private industry. The increases come late. There is always a time lag before the Federal employee receives a raise. We are talking about people who have to suffer the hard, grinding fact of the inflationary process, which continues to take place.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. Mr. President, I yield 5 additional minutes to the Senator from Oklahoma.

Mr. MONRONEY. Ninety-seven percent of all surviving annuitants receive less than \$200 a month.

I do not believe this is a time when Congress should find that annuitants who live on less than \$200 a month are receiving a sufficient amount. It is not enough to live on in any decent standard.

H.R. 8469 would be a major progressive step to help these people.

I repeat, we have made this bill conform in large measure to the ideas of the administration. We have eliminated a provision in the bill passed by the House; namely, an increase of survivors' annuity benefits by 5 percent without additional payment on the part of the employee. Our action eliminates a severe drain that would have occurred with respect to the fund.

In regard to the cost-of-living increases, the 3-percent increase takes place over a 3-month period, instead of over a 12-month period. Actually, there is now a 15-month time lapse. This bill eliminates that time lag.

Nobody has noticed that the cost-of-living index has come down enough so that we would have to start worrying about de-escalation in future years. There is no record in our present history indicating that there will be a decrease in the cost of living.

The bill which the distinguished Senator from Texas has brought to the Senate is fair to the employee; it is fair to the retiree; and it is fair to the U.S. Government.

One can talk all he wants about building up the deficit in the civil service retirement fund. I grant Senators that if we killed the intake from the fund as of today, we would have the deficit that has been mentioned, some \$40 billion, representing the acquired unfunded liability for which the fund is committed. Let me assure my colleagues that the Committee on Post Office and Civil Service will give this problem our most careful consideration next year. I repeat, there is no increase in the cost-of-living payment; there is involved merely a new method of determining when the adjustments shall be made.

Mr. YARBOROUGH. Mr. President, I yield back the remainder of my time.

Mr. WILLIAMS of Delaware. Mr. President, I shall move to recommit the bill, but before making the motion I point out again that the President has appointed a commission to make a study and make recommendations not later than December 1.

We should postpone action here today until we get that report.

The unfunded liability of the retirement fund today is about \$40 billion. Enactment of the bill would add another \$1 billion to this unfunded liability. There is no provision with which to pay the cost of the benefits being authorized.

We cannot escape the fact that if these liberalized provisions are enacted they will have a mathematical effect of further depleting a fund that is already overdrawn. Every retiree will have his retirement computed under the higher formula, plus an increase of 2 percent, plus another increase of 6.5 percent, plus further increases of 3 percent every time there is a rise in the cost of living. All of these increases and no means to pay for them.

The bill would give Government employees, including ourselves, a built-in protection or a hedge against any inflation resulting from our own reckless spending.

There is merit to some parts of this bill, but the very least we can do is postpone action until after receipt of the report and recommendations from the President's Commission.

For that reason I move that the bill be recommitted.

I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I am willing to yield back my time on the motion.

The PRESIDING OFFICER. Who yields time?

Mr. YARBOROUGH. Mr. President, I yield back my time.

Mr. DIRKSEN. Mr. President, will the Senator withhold that request?

Mr. WILLIAMS of Delaware. I withhold my time, and yield to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, may I ask the Senator from Texas how this annual amount will be appropriated?

Mr. YARBOROUGH. The increase will be paid out of the retirement fund.

Mr. DIRKSEN. If we are to shove the fund deeper and deeper into the red—the statement has been made that the bill would increase withdrawals from the fund by over \$1 billion—we add that much to all the unfunded liabilities.

In view of the fact that within 2 months a Cabinet Committee is to make its report on retirement for the civil establishment, it is the best reason I know of why the bill should go back to committee and why the motion to recommit should be sustained.

Mr. WILLIAMS of Delaware. Mr. President, I now yield back all time on my motion.

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit made by the Senator from Delaware [Mr. WILLIAMS].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Tennessee

see [Mr. GORE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from South Carolina [Mr. RUSSELL], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Ohio [Mr. YOUNG], and the Senator from Louisiana [Mr. ELLENDER] are absent on official business.

I also announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from New York [Mr. KENNEDY] the Senator from Minnesota [Mr. McCARTHY], the Senator from South Dakota [Mr. McGOVERN], the Senator from Maine [Mr. MUSKIE], and the Senator from Virginia [Mr. ROBERTSON] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Tennessee [Mr. GORE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from South Dakota [Mr. McGOVERN], the Senator from Maine [Mr. MUSKIE], the Senator from South Carolina [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], and the Senator from Ohio [Mr. YOUNG] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. MUNDT] is necessarily absent.

The Senator from New Hampshire [Mr. COTTON] is detained on official business and if present and voting would vote "nay."

The result was announced—yeas 20, nays 61, as follows:

- [No. 250 Leg.]

YEAS—20

Aiken	Hickenlooper	Pearson
Bennett	Holland	Prouty
Cooper	Hruska	Saltonstall
Curtis	Jordan, Idaho	Simpson
Dirksen	Kuchel	Tower
Dominick	Lausche	Williams, Del.
Fannin	Murphy	

NAYS—61

Allott	Hayden	Moss
Bass	Hill	Nelson
Bayh	Inouye	Neuberger
Bible	Jackson	Pastore
Boggs	Javits	Pell
Brewster	Jordan, N.C.	Proxmire
Burdick	Long, Mo.	Randolph
Byrd, W. Va.	Long, La.	Ribicoff
Cannon	Magnuson	Scott
Carlson	Mansfield	Smith
Case	McClellan	Sparkman
Clark	McGee	Stennis
Dodd	McIntyre	Symington
Douglas	McNamara	Talmadge
Eastland	Metcalf	Thurmond
Ervin	Miller	Tydings
Fong	Mondale	Williams, N.J.
Gruening	Monroney	Yarborough
Harris	Montoya	Young, N. Dak.
Hart	Morse	
Hartke	Morton	

NOT VOTING—19

Anderson	Gore	Robertson
Bartlett	Kennedy, Mass.	Russell, S.C.
Byrd, Va.	Kennedy, N.Y.	Russell, Ga.
Church	McCarthy	Smathers
Cotton	McGovern	Young, Ohio
Ellender	Mundt	
Fulbright	Muskie	

So the motion of Mr. WILLIAMS of Delaware to recommit was rejected.

Mr. WILLIAMS of Delaware. Mr. President, I yield 2 minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, the bill, H.R. 8469, has a very worthy purpose, to extend to retired annuitants formerly in the employ of the U.S. Government increased benefits to meet in some measure the increased cost of living, and I support that objective. But, as has become the practice in the last few years, the bill provides for increased payments but without any funds from which the Federal Government can make the payments over the years.

The trust fund from which payments are made and into which employees have paid their contributions or taxes from their earnings presently amounts to approximately \$17 billion—a very large sum. Unfortunately, the Federal Government has not paid its full share required by law into this fund, and the deficit on an actuarial basis amounts to the staggering sum of over \$40 billion. This means that if these payments are not made by the Federal Government, it will not be able to make the payments that it has promised to its beneficiaries, in anticipation of which they have paid into the fund a large percentage of their earnings.

If the pending bill is passed it would, as I have said, provide no funds for the payment of the increased benefits, and the deficit of over \$40 billion would be increased by another billion dollars. But worst of all, as has been the case in recent years, the bill provides a windfall for Members of Congress. Those who are or become entitled to retirement benefits would immediately receive an increase of from 6 to 11 percent. Thereafter the cost-of-living increases in the amount of 3 percent calculated over a consecutive 3-month period would bring an increase but never below the initial percentage increase or any additional cost-of-living upward increases, thus locking in the changes that were included.

I voted for the motion to recommit the bill, for the purpose of having the committee strike from it these windfall benefits and to restrict it to the retirees who actually need the cost-of-living increases. This bill has been labeled as a bill for the retirees who need the increase, and it should be for them. This bill should also make provision for the Federal Government to pay the necessary amount for the increases in payments into the fund, so that the retirees who are to get the benefits will be assured of them.

Since the motion to recommit—a motion that would have brought the bill into accord with its advertised purpose to help those who need the increase—was defeated. I cannot vote for a bill which would provide benefits for some who do not need them now, which would not require the Government to make the additional payments necessary to fund the benefits, and which would increase the deficit to over \$40 billion owed to cover all the benefits.

Mr. YARBOROUGH. Mr. President, I yield back the remainder of my time.

Mr. WILLIAMS of Delaware. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired.

The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

THE PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

MR. INOUYE. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Tennessee [Mr. GORE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Louisiana [Mr. LONG], the Senator from Florida [Mr. SMATHERS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I also announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from New York [Mr. KENNEDY], the Senator from Minnesota [Mr. McCARTHY], the Senator from South Dakota [Mr. McGOVERN], the Senator from Maine [Mr. MUSKIE], and the Senator from Virginia [Mr. ROBERTSON] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Tennessee [Mr. GORE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Louisiana [Mr. LONG], the Senator from South Dakota [Mr. McGOVERN], the Senator from Maine [Mr. MUSKIE], the Senator from Florida [Mr. SMATHERS], and the Senator from Ohio [Mr. YOUNG] would each vote "yea."

MR. KUCHEL. I announce that the Senator from South Dakota [Mr. MUNDT] is necessarily absent.

The Senator from New Hampshire [Mr. COTTON] is detained on official business, and, if present and voting, would vote "yea."

The result was announced—yeas 73, nays 10, as follows:

[No. 251 Leg.]

YEAS—73

Aiken	Hill	Neuberger
Allott	Holland	Pastore
Bass	Inouye	Pearson
Bayh	Jackson	Pell
Bible	Javits	Prouty
Boggs	Jordan, N.C.	Proxmire
Brewster	Jordan, Idaho	Randolph
Burdick	Kuchel	Ribbleoff
Byrd, W. Va.	Long, Mo.	Russell, S.C.
Cannon	Magnuson	Russell, Ga.
Carlson	Mansfield	Saltonstall
Case	McClellan	Scott
Clark	McGee	Smith
Dodd	McIntyre	Sparkman
Douglas	McNamara	Stennis
Eastland	Metcalf	Symington
Ellender	Miller	Talmadge
Ervin	Mondale	Thurmond
Fong	Monroney	Tower
Gruening	Montoya	Tydings
Harris	Morse	Williams, N.J.
Hart	Morton	Yarborough
Hartke	Moss	Young, N. Dak.
Hayden	Murphy	Nelson
Hickenlooper		

NAYS—10		
Bennett	Dominick	Simpson
Cooper	Fannin	Williams, Del.
Curtis	Hruska	
Dirksen	Lausche	

NOT VOTING—17

Anderson	Gore	Mundt
Bartlett	Kennedy, Mass.	Muskie
Byrd, Va.	Kennedy, N.Y.	Robertson
Church	Long, La.	Smathers
Cotton	McCarthy	Young, Ohio
Fulbright	McGovern	

So the bill (H.R. 8469) was passed.

MR. YARBOROUGH. Mr. President, I move to reconsider the vote by which the bill was passed.

MR. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MR. MANSFIELD. Mr. President—

MR. YARBOROUGH. Mr. President, will the Senator yield to me for 1 minute?

MR. MANSFIELD. I yield.

MR. YARBOROUGH. As the floor manager of the bill which has just passed, I express my appreciation for the skill, the aid, and the discussion from the distinguished majority leader and the chairman of the full committee, the distinguished senior Senator from Oklahoma [Mr. MONRONEY], as well as the aid from the ranking minority member of the committee, the distinguished senior Senator from Kansas [Mr. CARLSON], who made a notable contribution, both in the hearings and on the floor of the Senate.

I thank the distinguished members of the opposition for precisely stating their opposition and aiding in the passage of the bill.

I commend the distinguished minority leader and the distinguished senior Senator from Delaware for expediting the work of the Senate.

MR. MANSFIELD. Mr. President, I want to take this opportunity to congratulate the participants in the debate on H.R. 8469, an act to provide certain increases in annuities payable to civil service retirement annuitants. The able senior Senator from Texas [Mr. YARBOROUGH], assisted by the distinguished senior Senator from Oklahoma [Mr. MONRONEY], managed this bill in a thorough and efficient fashion. Skillful debate and careful analysis were the tools of other participants in discussion of the bill on both sides of the aisle. I refer specifically to the senior Senator from Delaware [Mr. WILLIAMS] and the senior Senator from Ohio [Mr. LAUSCHE] who skillfully discussed the funding problems related to the annuity increases.

In short, it was a discussion of the typically high quality of this body, and I congratulate the Senate on passage of this measure of great significance to retired civil servants and to the country.

FOOD AND AGRICULTURE ACT OF 1965

The Senate resumed the consideration of the bill (H.R. 9811) to maintain farm income, to stabilize prices and assure adequate supplies of agricultural com-

modities, to reduce surpluses, lower Government costs, and promote foreign trade, to afford greater economic opportunity in rural areas, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 20) to provide for the establishment of the Assateague Island National Seashore in the States of Maryland and Virginia, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H.R. 2305. An act for the relief of Zenaida Quijano Lazaro; and

H.R. 8128. An act for the relief of Angelo Iannuzzi.

The message further announced that the House had agreed to the amendments of the Senate to the joint resolution (H.J. Res. 504) to facilitate the admission into the United States of certain aliens.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 10586) making supplemental appropriations for the Departments of Labor, and Health, Education, and Welfare for the fiscal year ending June 30, 1966, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. FOGARTY, Mr. DENTON, Mr. FLOOD, Mr. MAHON, Mr. LAIRD, Mr. MICHEL, and Mr. Bow were appointed managers on the part of the House at the conference.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 2853. An act to amend title 17, United States Code, with relation to the fees to be charged;

H.R. 7888. An act providing for the extension of patent number D-119,187;

H.R. 8917. An act to provide for the disposition of funds appropriated to pay a judgment in favor of the Omaha Tribe of Nebraska, and for other purposes;

H.R. 8545. An act providing for the acquisition and preservation by the United States of certain items of evidence pertaining to the assassination of President John F. Kennedy;

H.R. 9778. An act to amend titles 10 and 37, United States Code, to codify recent military law, and to improve the Code;

H.R. 9867. An act to provide penalties for the use of the interstate route marker for commercial purposes;

H.R. 9877. An act to amend the act of January 30, 1913, as amended, to remove certain restrictions on the American Hospital of Paris;

H.R. 10206. An act to amend the Agricultural Adjustment Act of 1933, as amended, and reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended;

H.R. 10234. An act to amend section 1085 of title 10, United States Code, to eliminate the reimbursement procedure required

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5. LANDS. A subcommittee of the Interior and Insular Affairs Committee approved for full committee consideration without amendment S. 2182, to revise the boundaries of the Jewel Cave National Monument, S. Dak. p. D902
6. DISASTER RELIEF; TAXATION. The "Daily Digest" states that the Finance Committee "announced that it has postponed until the next session of Congress further consideration of H. R. 7502, relating to tax treatment of losses suffered from major disasters." p. D902
7. FOREIGN AID. Sen. Gruening expressed opposition to further Public Law 480 assistance to Egypt until it "stops its aggressive actions" against other countries. pp. 22537-8
8. PATENTS. Sen. Nelson inserted an article on Sen. Morse's testimony before the Small Business Committee on bills to formulate a uniform patent policy, "Morse Calls Patent Bill Clause Effort to Steal Billions." p. 22533
9. RECREATION. Sen. Nelson inserted items in support of his proposal to establish the Apostle Islands national lakeshore in northern Wisc. pp. 22533-5

HOUSE

10. FOREIGN SERVICE. Passed with amendments H. R. 6277, to amend the Foreign Service Act of 1946 so as to facilitate the establishment of a single personnel system within the Department of State, the U. S. Information Agency, and the Agency for International Development. pp. 22369-98
11. PUBLIC WORKS. The Public Works Committee reported with amendment S. 2300, to authorize the construction, repair, and preservation of certain public works on rivers and harbors for navigation, and flood control (H. Rept. 973). p. 22436
12. TRADE FAIRS. The Foreign Affairs Committee reported with amendment H. R. 30, to provide for the participation of the U. S. in the Inter-American Cultural and Trade Center in Dade County, Fla. (H. Rept. 974); and without amendment H. R. 9247, to provide for participation of the U. S. in the HemisFair 1968 Exposition, San Antonio, Tex. (H. Rept. 975). p. 22436
13. TARIFF. The conferees on H. R. 7969, to correct certain errors in the Tariff Schedules of the U. S., and H. R. 5768, to extend for an additional temporary period the existing suspension of duties on certain classifications of yarn of silk, were given until midnight, Mon. Sept. 13, to file a report. p. 22398
14. PERSONNEL. Concurred in the Senate amendments to H. R. 8469, to increase the annuities of retired Federal employees and to revise the method of determining cost-of-living increases in retirement annuities (p. 22365). This bill will now be sent to the President.
15. WATERSHEDS. The "Daily Digest" states that the Public Works Committee approved plans for works of improvement on the following watershed projects: Cooper Creek, Ark.; Limestone Stream, Maine; Long Creek, Miss.; Tuscarria River, Miss. and Tenn.; Grindstone-Lost-Muddy Creek, Mo.; Stewarts Creek-Loville Creek, N. C. and Va.; Upper Elk Creek, Okla.; Ferrod, Utah; Choccolocco Creek, Ala.; Little Clear Creek, Ark.; Upper Choctawhatchie River, Del. and Md.; Grove River, Ga.; South Fork Broad River, Ga.; supplement to Busseron, Ind.; Little Raccoon Creek, Ind.; Timber Creek, Kans.; supplement to SuAsCo, Mass.;

"(6) Both county and community would be required to be protected from adverse economic effect.

"(7) Wildlife service payments and advisory board provided for.

"TITLE VI—COTTON"

"(1) Domestic allotment program continued for 4 years with payments of 25 percent of basic support for 1966 to those keeping within their domestic allotments, 20 to 40 percent for subsequent years; a minimum farm domestic allotment equal to the smaller of 10 acres or the farm allotment; and a minimum national domestic allotment equal to 65 percent of the national acreage allotment.

"(2) Four-year program of payments to other than producers and domestic users at 3 cents per pound.

"(3) CCC export sales or subsidies required to be put on a bid or offer and acceptance basis without advance announcement of prices or subsidy rates (effective for 4 years).

"TITLE VII—MISCELLANEOUS"

"(1) Method prescribed for apportioning allotments among divided farms.

"(2) Authority to use projected yields in lieu of normal yields for all commodities. Projected yield not to be less than actual yields proved by producer, unless the use of such proved yield for a commodity will cause inequities among producers.

"(3) Sense of Congress that no restriction with respect to transportation in American vessels is to be applied to the commercial exportation of agricultural commodities if not applied to the exportation of other commodities.

"(4) Authority to purchase dairy products at market prices to meet program requirements for schools, domestic relief distribution, community action, foreign distribution, and other programs when the Commodity Credit Corporation stocks are insufficient.

"(5) Study of full-time commercial family farms and the extent to which farm programs are of benefit to such farmers.

"(6) Determinations by the Secretary of Agriculture on the amounts and availability of land, labor, material, or services needed for the production and harvesting of any agricultural crop. These determinations shall be accepted by all agencies of the United States."

2. WHEAT; FOREIGN TRADE. Sen. Dodd criticized proposals to remove shipping restrictions on sales of wheat to Communist countries (pp. 22475-99, and submitted an amendment intended to be proposed to the farm bill to provide for the establishment of a Select Joint Committee of Congress to Study East-West Trade (p. 22482). Sens. Hart and Mondale expressed disagreement with Sen. Dodd's position (pp. 22490-3).

3. MILITARY CONSTRUCTION. Passed without amendment H. R. 10775, the military construction authorization bill which includes an item for payment of CCC for certain family housing which was financed from the sale of surplus commodities. This bill will now be sent to the President. p. 22440

4. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 10586, making supplemental appropriations to the Departments of Labor and HEW, including \$1,723,000 for the Labor Dept. for activities relating to admission and employment of foreign agricultural workers and \$7,000,000 for the new Administration on Aging in HEW. This bill will now be sent to the President. pp. 22365-9, 22457-8

night to file a report on the bill (H.R. 10874) to amend the Railroad Retirement Act of 1937 to eliminate the provisions which reduce spouses' annuities by the amount of certain monthly benefits, to increase the base on which railroad retirement benefits and taxes are computed, and to change the rates of tax under the Railroad Retirement Tax Act.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FEDERAL EMPLOYEES RETIREMENT ANNUITIES INCREASE

Mr. DANIELS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8469) to provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes, with amendments of the Senate thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, line 14, strike out "Effective" and insert "Effective".

Page 3, line 22, strike out "centum."; and insert "centum."

Page 5, strike out lines 10 to 15, inclusive.

Page 5, line 16, strike out "Sec. 3." and insert "Sec. 2."

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. GROSS. Mr. Speaker, reserving the right to object, is this the bill that was called up yesterday on the Consent Calendar?

Mr. DANIELS. No, this is an entirely different bill. This bill was passed by the House a couple of weeks ago by a unanimous vote of 394 to 0.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

WORLD LAW DAY

Mr. FRASER. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 468.

The SPEAKER. The Clerk will report the concurrent resolution.

The Clerk read as follows:

H. CON. RES. 468

Whereas 1965 is International Cooperation Year as proclaimed by the United Nations General Assembly and the President of the United States;

Whereas this Congress has enacted S. Con. Res. 36 to encourage international cooperation within the framework of law and order; and

Whereas the President has designated September 13, 1965, as World Law Day, a special day for emphasizing the need to strengthen international cooperation through law and legal institutions; and

Whereas September 13, 1965, marks the opening of the Washington World Conference on World Peace Through Law with leading jurists, lawyers, and legal scholars from one hundred and twenty nations meeting in Washington to discuss the development of legal rules and judicial systems for the maintenance of world peace: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the people of the United States welcome to their shores the jurists and members of the legal profession of these many nations and will join with them in this important effort to build world peace.

Mr. FRASER. Mr. Speaker, more than 2,000 judges and lawyers from all over the world will be gathering next week in Washington to explore the possibilities of securing peace through the application of legal principles.

House Concurrent Resolution 468, and 30 identical resolutions introduced by other Members of the House, express the sense of Congress welcoming the conference in its important effort to build world peace.

We cannot hope to fully extend the rule of law into international dealings with a single conference. Yet, the problem of securing world peace is too grave to permit the luxury of skepticism.

A commitment on our part to the principle of world peace through law will not go unnoticed by lawyers and judges of the unaligned nations. We must look forward to the day when all people will recognize the need for law.

It is difficult to imagine our society operating without its prior commitment to law. Yet the rule of law which we have found so essential in our daily affairs is not present in international dealings. The nations of the world, many of whom have the power to destroy civilization, now operate under the rule of force.

Thoughtful people all over the world have recognized the necessity of applying legal principles to international problems. These people now look forward to the Washington conference in hopes that it can advance the cause of international security for the rights of individuals.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. FRASER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the subject of the resolution agreed to.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1966

Mr. FOGARTY. Mr. Speaker, I call up the conference report on the bill (H.R.

10586) making supplemental appropriations for the Department of Labor and Health, Education, and Welfare for the fiscal year ending June 30, 1966, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of Sept. 8, 1965.)

Mr. FOGARTY. Mr. Speaker, this is a rather simple conference report. There are only eight Senate amendments and four of these just involve a rearrangement of the funds for the National Institutes of Health with the increases and decreases exactly balancing each other. With regard to these four, the House had approved the budget as submitted. Actually, our committee had considered a rearrangement somewhat similar to that made by the Senate, but since additional supplementals will likely be considered in connection with the new legislation on heart disease, cancer, and stroke, we decided to reconsider this matter at that time. On the basis of what we considered originally, and additional information the Senate secured during their hearings, we thought that the rearrangement they made was quite logical and the House receded on the four amendments involved.

There were three amendments affecting the appropriation for carrying out the first year under the Elementary and Secondary Education Act. The Senate increase the total by \$184 million over the House allowance, and earmarked this for the basic part of the program under title II of the act of September 30, 1950, as amended by the Elementary and Secondary Education Act. The third amendment was to provide that payments under this part of the program would be made on the basis of a definite sum, \$1,070,684,000, rather than on the basis of the total amount authorized to be appropriated. The Senate receded on all of these three amendments.

The only other amendment was a general provision that the Senate added to make a restriction on the employment of Federal personnel in the District of Columbia area, which is in the regular Labor-HEW appropriation bill for 1966, applicable to the appropriations carried in this supplemental. Since the House had agreed to this proposition in connection with the regular bill the conferees agreed to bring this back in technical disagreement but with the recommendation that the House recede from disagreement to this Senate amendment and concur therein.

Thus Mr. Speaker, if this conference report is adopted the bill will be exactly as it passed the House originally, except for the rearrangement of funds appropriated to the National Institutes of Health and the addition of the general provision that I have just referred to. The conference agreement, in total, is in

September 9, 1965

the exact amount by which the bill passed the House, \$1,223,181,500, and is \$184 million less than the bill as it passed the Senate.

Mr. Speaker, this conference report was agreed to unanimously by the managers on the part of the House and I trust will also be agreed to unanimously by the full House.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. FOGARTY. I yield to the gentleman from Wisconsin.

Mr. LAIRD. I concur in the remarks made by the gentleman from Rhode Island. The figures in the conference report are exactly the same, in total, as those in the appropriation bill passed by the House.

The only difference is a reallocation of funds among the National Institutes of Health. That reallocation was made in accordance with a recommendation received from the Director of the National Institutes of Health.

The conference report is a good conference report. The conferees on the part of the House maintained the position of the House on the significant items in disagreement.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. FOGARTY. I yield to the gentleman from Missouri.

Mr. HALL. I wonder if the distinguished chairman of the subcommittee and chairman of the managers on the part of the House would explain to the Members in a little more detail the shift in the allocation of public health service funds. It is obvious from the report, referring to amendments Nos. 4, 5, and 6, to saying nothing of No. 7, that there has been a shift in funds. Funds for the National Institute of General Medical Sciences and the Heart Institute have been reduced on the recommendation of the Senate, and funds for the National Cancer Institute have been increased. What is the explanation of that change?

Mr. FOGARTY. The reallocation was based upon the professional judgment of the director, Dr. Shannon. The original budget estimate was submitted some months ago, and since that time we find that one Institute will turn back some 1965 money, and other Institutes were short of money. So there is a shifting of funds in the Institutes.

Mr. HALL. Mr. Speaker, will the gentleman yield further?

Mr. FOGARTY. I yield further to the gentleman from Missouri.

Mr. HALL. Will the gentleman advise the Members as to whether, for example, the action of the conferees would involve the curtailment of the work on the artificial heart in the National Institutes of Health?

Mr. FOGARTY. No, it would have no effect on that program at all.

Mr. HALL. For all intents and purposes, it is merely a bookkeeping arrangement based upon carryover funds. Is that correct?

Mr. FOGARTY. That is a major factor.

Mr. LAIRD. Mr. Speaker, will the gentleman yield to me?

Mr. FOGARTY. Yes. I yield to the gentleman.

Mr. LAIRD. I want to assure the gentleman from Missouri [Mr. HALL] that it has nothing to do with any curtailment of the artificial heart program. This program has been increased even above the President's budget in our 1966 labor-HEW bill that passed just a few weeks ago. There is no curtailment of that program whatsoever.

Mr. HALL. If the gentleman will yield further, I would like to make the statement that I am not carrying any particular ball for the artificial heart program, but I used it as an example in point, to try to indicate this matter inasmuch as I have been versed on this particular problem.

Mr. FOGARTY. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. MICHEL].

(Mr. MICHEL asked and was given permission to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I could very well in the course of my remarks take 20 or 30 minutes for the things I would like to bring to the attention of the House, but I will let it go at 5 minutes.

THE CLOAK OF SECRECY OR KEPPEL'S CABAL

Mr. Speaker, Federal control of education is here. Not with my vote, but be that as it may, it is here. The foot is in the door and from here on we can expect the door to open wider toward Federal control. One of these years we may wake up and see the only school board member is Uncle Sam, with a Federal check.

We are here today to fund the biggest step yet taken in this direction. Obviously, now that this law is on the books, we have to appropriate money to implement its provisions, but I want to put my colleagues on notice that from here on out, we are going down the road of nationalizing our education system from kindergarten through college.

I have here today proof of how the U.S. Office of Education is insidiously planning complete takeover of the education of our children. Once again the Federal Government has decided it knows how to run our lives better than we do, including the parental responsibility of the education of our children.

There is a cloak of secrecy surrounding the Federal education movement. This represents a departure from the American philosophy of open discussions of problems and plans affecting our people. Supporters of the Elementary and Secondary Education Act of 1965 have expressed concern over what they call a determined effort to silence those who are in disagreement.

This act is flagrantly dishonest in its language and deliberately conceals the extent of the authority it grants. It is a delusion, a mockery, and a snare. The true intent of the Office of Education has been concealed from the public by the use of subtle verbiage.

The evidence I have here today points to the formation of a carefully laid, camouflaged plan to replace the present State-local administration of American

education with Federal direction and control.

The ideology back of this plan has primarily been in the form of hushed-up, off-the-record secret meetings and reports. For example:

First. The proposal by Homer D. Babidge which was published by accident as a Government document entitled "A Federal Education Agency for the Future" and then hastily buried when Congress asked questions.

Second. The off-the-record seminars conducted by Ralph W. Tyler, chairman of the exploratory committee on assessing the progress of education, financed by the Carnegie Corp., held at Mr. Keppel's suggestion—the secretary of this operation, Stephen B. Withey, has refused to answer questions from education writers on the theme and nature of these discussions.

Third. The two task force reports on education headed by John W. Gardner, who has been appointed the new Secretary of the Department of Health, Education, and Welfare, have been withheld from the public by President Johnson.

Why are these kept locked up in some safe, hidden from the eyes of the press and the public? Even the names of the people who worked on these reports are being withheld. One of these reports was done for the Kennedy administration and the other for President Johnson. In the remarks of President Johnson upon the nomination of John W. Gardner to be Secretary of Health, Education, and Welfare, he said that:

He was the leader of the President's special task force on education last year that proved the Nation's need with a bold spirit of innovation and imagination. He helped to plant the seedbed of the educational harvest that has been produced by the 89th Congress.

I believe the Congress ought to know what kinds of seeds of "innovation and imagination" have been planted in President Johnson's educational rose garden. I have therefore introduced the following resolution of inquiry:

Resolved, That the President of the United States is requested to transmit to the House of Representatives, at the earliest practicable date, full and complete information with respect to the White House Task Force Report on Education written by the committee chaired by John W. Gardner during the Kennedy administration, and the White House Task Force Report on Education written by the committee chaired by John W. Gardner during the present administration.

This background information would permit a more effective examination of the new education legislative proposals and the Federal Government's growing intrusion into education. One of the first important steps toward Federal intrusion into education came through the National Science Foundation, financing curriculum revision. To quote Robert Boyd, Detroit Free Press, January 31, 1965:

Federally financed researchers have developed whole new courses of study-textbooks, education films, teaching guides.

Federal funds are being used to spread these new curricula throughout the public school system with surprising swiftness.



Public Law 89-205
89th Congress, H. R. 8469
September 27, 1965

An Act

79 STAT. 840

To provide certain increases in annuities payable from the civil service retirement and disability fund, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1(t) of the Civil Service Retirement Act, as amended (5 U.S.C. 2251(t)), is amended to read as follows:

"(t) The term 'price index' shall mean the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics. The term 'base month' shall mean the month for which the price index showed a per centum rise forming the basis for a cost-of-living annuity increase."

(b) Section 17(a) of such Act, as amended (5 U.S.C. 2267(a)), is amended by inserting immediately before the period at the end thereof the following: " , and for payment of administrative expenses incurred by the Commission in placing in effect each annuity adjustment granted under section 18 of this Act".

(c) Section 18 of such Act, as amended (5 U.S.C. 2268), is amended to read as follows:

"SEC. 18. (a) Effective the first day of the third month which begins after the date of enactment of this amendment each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by (1) the per centum rise in the price index, adjusted to the nearest one-tenth of 1 per centum, determined by the Commission on the basis of the annual average price index for calendar year 1962 and the price index for the month latest published on date of enactment of this amendment, plus (2) 6½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred on or before October 1, 1956, or 1½ per centum if the commencing date (or in the case of the survivor of a deceased annuitant the commencing date of the annuity of the retired employee) occurred after October 1, 1956. The month used in determining the increase based on the per centum rise in the price index under this subsection shall be the base month for determining the per centum change in the price index until the next succeeding increase occurs. Each survivor annuity authorized (1) by section 8 of the Act of May 29, 1930, as amended to July 6, 1950, or (2) by section 2 of Public Law 85-465, shall be increased by any additional amount which may be required to make the total increase under this subsection equal to 15 per centum or \$10 per month, whichever is the lesser.

"(b) Each month after the first increase under this section, the Commission shall determine the per centum change in the price index. Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.

"(c) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

Civil service
retirement and
disability
fund.
Annuities.
76 Stat. 869.

70 Stat. 759.

Cost-of-living
adjustment.
76 Stat. 869.

62 Stat. 52; 64
Stat. 320; 72
Stat. 219.
5 USC 2259
notes.

Eligibility.

70 Stat. 754.
5 USC 2260.

"(1) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 10(d)), which annuity commences the day

79 STAT. 84162 Stat. 52;
64 Stat. 320.
5 USC 2259 note.70 Stat. 754.
5 USC 2260.

Limitation.

5 USC 2267 note.

after annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death, except that the increase in a survivor annuity authorized by section 8 of the Act of May 29, 1930, as amended to July 6, 1950, shall be computed as if the annuity commencing date had been the effective date of the first increase under this section.

"(2) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 10(d), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section for employee annuities which commenced after October 1, 1956, and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 10(d) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death.

"(d) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

"(e) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall after adjustment reflect an increase of at least \$1."

SEC. 2. The provisions under the heading "CIVIL SERVICE RETIREMENT AND DISABILITY FUND" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

Approved September 27, 1965, 11:07 e.s.t.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 529 (Comm. on Post Office & Civil Service).

SENATE REPORT No. 653 (Comm. on Post Office & Civil Service).

CONGRESSIONAL RECORD, Vol. III (1965):

Aug. 3: Considered and passed House.

Sept. 8: Considered and passed Senate, amended.

Sept. 9: House agreed to Senate amendments.

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF MANAGEMENT SERVICES
WASHINGTON, D.C. 20250

October 1, 1965

To: Liaison and Administrative Officers
Heads of Field Offices

From: Charles F. Kiefer, Director

Subject: Civil Service Retirement Act - Amendment
to Provide Increases in Annuities

P.L. 89-205 was signed by the President on September 27, 1965. The attached summary of information released by the Civil Service Commission and the Department Office of Personnel is being sent to you as quickly as possible so that you may make it available to employees who are eligible for retirement now. Additional copies of the summary may be obtained by calling Extension 6295.

The increase in annuities under this law imposes special retirement counselling responsibilities upon the Division of Personnel. Our Retirement Counselors are doing their best to answer all requests for information and to assist employees in computing annuities and making comparisons. It may be necessary to assign additional staff during the next few months to accommodate the increased workload. Even then, we must ask that casual inquiries be discouraged so that adequate counselling time will be available for employees who must decide now whether to take advantage of the new law. (We hope the summary will answer most questions.)

Telephone inquiries on individual retirement cases should be directed to Mrs. Geiger or Mrs. Call on Extension 5834. Other questions may be directed to Mrs. Pyles on Extension 6295.

To insure that retirements are processed on a timely basis, employees are urged to make known their decisions as soon as possible. Completed applications should reach the Division of Personnel by October 31.

Another factor in early decisions by employees is that you and we must plan for needed staffing and training. Some employees in key positions may advance their retirements to take advantage of this law. If suitable replacements are not immediately available, it may be desirable to consider reemployment of annuitants on either a part-time or full-time basis. We urge that these and related matters be discussed with the appropriate Employment and Placement Specialist at an early date.

Attachment

CIVIL SERVICE RETIREMENT ACT AMENDMENTS
(Prepared from Information Furnished by Civil Service
Commission and Department Office of Personnel)

Public Law 89-205, approved September 27, 1965, provides for increases in Civil Service Retirement annuities to persons already retired and to employees who retire on or before November 30, 1965, with annuities which commence on or before December 1, 1965. The annuity of an employee who remains in pay status after November 30, 1965, so that his annuity must commence after December 1, 1965, cannot qualify for the increase.

An employee on LWOP and eligible for immediate retirement on or before December 1, 1965 may file after that date and still obtain the benefits of the annuity increase. However, the employee's pay must have ceased as of or prior to November 30, 1965.

NOTE: Senator Monroney has introduced Senate Bill 2572 to extend the benefits of this law to those who retire after December 1 but on or before December 31, 1965. To obtain the additional 2% increase under the earlier legislation, however, the retirement would have to be on or before December 30, 1965.

Following is an explanation of the provisions of the new amendment with emphasis on how it affects active employees.

I. AMOUNT AND EFFECTIVE DATE OF INCREASE

Annuities of employees who retire on or before November 30, 1965, are increased by 6.1%, effective December 1, 1965, under the new amendment.

These employees are also entitled to the 2% increase payable under the 1962 legislation discussed in Item VI below.

The following example shows how these increases are computed:

Regular monthly annuity rate.....	\$280.
Increase under 1962 law.....	x102 %
Annuity as increased under 1962 law.....	285.60
Adjusted annuity as increased under 1962 law.....	286.
Increase under new amendment.....	x106.1 %
Annuity as increased under new amendment.....	303.45
Adjusted annuity as increased under new amendment....	\$303.

NOTE: An employee subject to the eighty percent limitation on basic annuity will be allowed the 2 percent and the 6.1 percent cost of living increases.

II. EFFECT OF INCREASE ON SURVIVOR ANNUITY

- A. The survivor annuity of each qualified survivor of an employee who retires on or before November 30, 1965, is increased by the same percentages as the employee's, i.e., 2% and 6.1%.
- B. The survivor annuity otherwise payable to the child or children of an employee who dies in service at any time in the future is increased by 6.1%. (A widow's annuity is not so increased if the employee dies in service after November 30, 1965. The reason for the difference is that a widow's annuity is based on the employee's high-5 average salary and therefore reflects cost-of-living increases in salary whereas children's annuities are in fixed amounts which do not reflect salary increases.)

III. FUTURE COST-OF-LIVING INCREASES

In the future, whenever the cost-of-living, nationwide, goes up by at least 3% over the Consumer Price Index for the month (now July 1965) used as the basis for the most recent cost-of-living annuity increase and stays up by at least 3% for three consecutive months, an increase equal to the percentage rise in the Consumer Price Index will be granted automatically.

IV. APPLICATIONS FOR DISABILITY RETIREMENT

- A. Pending Applications. Some applicants whose disability retirement is approved by the Civil Service Commission and who have sufficient leave (sick and/or annual leave which cannot be included in the lump-sum leave payment) to carry them in pay status beyond November 30, 1965, should be given the opportunity to decide between--

1. Forfeiting all or a portion of such leave in order that their pay may cease on November 30, 1965; and
2. Continuing in pay status until such leave expires.

If pay ceases November 30, 1965, annuity will begin December 1, 1965, and the retiring employee will have the advantage of the new annuity increase. If he is paid for leave beyond November 30, 1965 (other than lump-sum leave payment), his annuity must commence after December 1, 1965, and he cannot have the new annuity increase.

- B. Other. An application for disability retirement need not be adjudicated or even filed prior to December 1, 1965, to be eligible for the increased annuity. However, the pay of such an employee must cease on or before November 30, 1965, so that the annuity may begin December 1, 1965.

V. REEMPLOYED ANNUITANTS

A reemployed annuitant whose salary is being reduced by the amount of his annuity must take an additional reduction in salary equal to the increase in his annuity resulting from the new amendment. The new monthly rate to be used for determining the reduction in salary can be computed by increasing the old monthly rate so used by 6.1% (11.1% if retirement was on annuity commencing on or before October 1, 1956) and rounding to the nearest dollar. The new rate is effective December 1, 1965. The additional reduction in salary is effective from that date or the date of reemployment, whichever is later.

VI. COST-OF-LIVING ADJUSTMENT OF 1962

An employee who is retiring must be separated, or his pay must cease, on or before December 30, 1965, to receive the 2% increase in his annuity under the 1962 adjustment provision. The new amendment does not change this provision.

Annuities which commence between January 1 and December 31, 1965, are increased by 2%. To receive the current 2% increase, the annuity must commence no later than December 31, 1965. Separation or final pay on December 30 will support award of annuity commencing December 31, providing the employee is otherwise eligible for an immediate annuity. Though no annuity accrues for December 31, separation (or pay ceased) on December 30 will accord a full month's service credit for December. Should the employee be separated under conditions which require his immediate annuity to commence January 1, 1966, he would be entitled to the 1% rather than the 2% increase.

The same situation will apply in the application of the 1% increase in 1966.

VII. VOLUNTARY CONTRIBUTIONS

Neither the new increase nor the 1962 adjustment applies to additional annuity purchased by voluntary contributions.

VIII. RETIREMENT NOW VS. LATER RETIREMENT

Many employees ask how much longer they would have to remain in active employment after November 1965 before their annuity, without the increase, would equal the amount they would get by retiring in November. The Civil Service Commission has answered this question as follows:

There are many factors that cause this to vary with the individual. These factors include: (1) Amount of salary increases in past 5 years; (2) Expected future salary increases; (3) Total past creditable service; (4) Employee's age if he is now between 55 and 59.

In addition, it must be remembered that under a 1962 law a 2% increase in annuities is provided for employees retiring on or before December 30, 1965. Similarly, those retiring in 1966 will receive only 1 percent.

Because all these variables must be considered, no simple formula can be used. However, the following table gives a rough approximation of the additional service required.

Approximate Number of Months of Additional Service Required
After November 1965 to Produce Annuity Equal to Amount
Payable if Employee Retires November 30, 1965

<u>Years Service as of November 30, 1965</u>	<u>A No Salary Increases</u>	<u>B Normal Salary Increases</u>	<u>C High Salary Increases</u>
10 yrs.	7 mos.	6 mos.	5 mos.
15	11	8	6
20	18	10	7
25	23	12	8
30	28	15	9
35	33	16	10
40	38	18	10
41	97	20	10
42 or more	121	26	13

Notes on Use of Table

Column A assumes no past or future salary increases. This is improbable in any individual case, but Column A shows the maximum number of months of additional service that would be required in any case.

Column B assumes a "normal" pattern of past and future salary increases which would fit most employees.

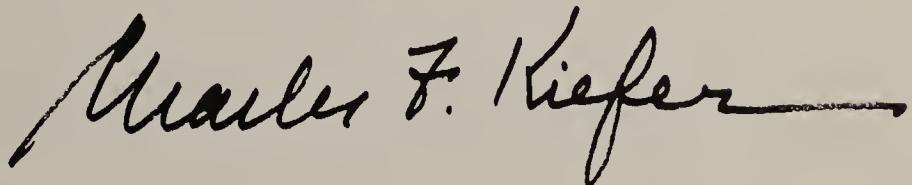
Column C assumes that, in addition to past statutory increases, the employee has in the past or will in the future receive promotions which substantially increase his high-5 average salary.

IX. PERSONS ALREADY RECEIVING ANNUITIES

The Civil Service Commission will increase annuities of already retired employees and survivor annuitants by 6.1% unless one of the following applies:

1. If the annuity commenced on or before October 1, 1956, or if the recipient is the survivor of a deceased annuitant whose annuity commenced on or before October 1, 1956, the increase will be 11.1%;
2. Survivor annuities payable to widows or widowers of employees who died before February 29, 1948, or who retired before April 1, 1948, will be increased 15% or \$10 a month, whichever is less.

These increases are effective December 1, 1965, and will automatically be included in the regular January 3, 1966, annuity checks which pay annuity for December 1965. Annuitants need not apply to write to the Commission to get these increases.

A handwritten signature in black ink that reads "Maurice F. Kiefer". The signature is fluid and cursive, with "Maurice" on top, "F." in the middle, and "Kiefer" on the bottom. There is a horizontal line extending from the end of the "er" in "Kiefer" towards the right edge of the page.

Washington, D.C.
20415

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FOR RELEASE:

ADVANCE FOR THURSDAY MORNING NEWSPAPERS
NOT TO BE USED BY PRESS, RADIO, OR TV BEFORE
6:30 P.M., EDT., WEDNESDAY, SEPTEMBER 29, 1965

QUESTIONS AND ANSWERS ABOUT PUBLIC LAW 89-205

The following questions and answers have been prepared by the Civil Service Commission to answer the many questions being received about P. L. 89-205. The new law provides for certain increases in Federal civil service retirement system annuities.

1. Q. What is the effect of Public Law 89-205?
 - A. It will increase all civil service retirement and survivor annuities having a commencing date which is no later than December 1, 1965.
2. Q. By how much will the annuities be increased?
 - A. Except as explained in answer to the next question, the increase depends on the commencing date of the annuity: annuities which commenced on or before October 1, 1956, will be increased by 11 1/10%; annuities which commenced after October 1, 1956, but no later than December 1, 1965, will be increased by 6 1/10%.
3. Q. What is the exception to these percentage increases?
 - A. In a few cases where a survivor annuity is payable to a widow (or widower) of an employee who died before February 29, 1948, or to the widow (or widower) of an employee who retired before April 1, 1948, these annuities will be increased by 15% or \$10 a month, whichever is less.
4. Q. What is the effective date of the annuity increase?
 - A. December 1, 1965.
5. Q. How soon will I receive the increase?
 - A. The increase will be paid on time. It will be included as part of the regular annuity checks received by annuitants in January 1966, which is the annuity payment covering the month beginning December 1, 1965, the date the increase becomes effective.

(more)

6. Q. Must I apply for the increase?

A. No, the increases will be paid automatically to all annuitants entitled to them. You need not apply or write to the Civil Service Commission. However, if you are an annuitant who has waived part of his annuity to keep his income below a certain limit, you should write to the Civil Service Commission asking for the increase if you want it.

7. Q. How is the increase computed?

A. By multiplying the present gross monthly annuity rate by the appropriate percentage increase, which is then added to the present annuity. The new monthly rate so obtained is then adjusted to the nearest dollar. Here are two examples:

Annuity Commenced on or
Before October 1, 1956

Annuity Commenced
After October 1, 1956

\$205.00.....	Present gross monthly rate	\$270.00
<u>x11.1%</u>	Appropriate percentage increase ..	<u>x 6.1%</u>
\$ 22.76	Amount of increase	\$ 16.47
+ \$205.00	Present gross monthly rate	+ \$270.00
\$227.76	New unadjusted monthly rate	\$286.47
\$228.00	New gross rate adjusted to	\$286.00
nearest dollar		

In any case where the computation results in a total increase of less than 50 cents per month, the annuity will be increased by \$1.

8. Q. I am enrolled in a health benefits plan for which premiums are deducted from my monthly annuity check. Does this affect the amount of the increase?

A. Health benefits deductions are part of the gross annuity, and the percentage increase will be applied to the gross annuity which would be payable if these deductions were not made. The new gross annuity rate then will be adjusted for the health benefits coverage.

9. Q. Under the Retired Federal Employees Health Benefits Program, I receive a contribution which is added to my monthly annuity toward a private health insurance plan. Does this affect the amount of the increase?

A. A health benefits contribution which is added to the annuity is not part of the gross annuity. Therefore, the amount of the contribution (\$3.50 or \$7 a month) will not be considered in computing the amount of the increase.

10. Q. A portion of my annuity was purchased by voluntary contributions which I paid into the retirement fund when I was an employee. Will this portion of my annuity be increased?

A. No. The law does not permit additional annuity purchased by voluntary contributions to be increased.

11. Q. I am the survivor of an employee who retired before October 1, 1956. However, he died after that date. Will my survivor annuity be increased by 11 1/10% or by 6 1/10%
- A. The percentage increase to survivors of a deceased annuitant depends on the commencing date of the decedent's (not the survivor's) annuity. In this case, the deceased annuitant retired, and his annuity commenced before October 1, 1956; therefore, the survivor's annuity will be increased by 11 1/10%. If the deceased annuitant had retired and his annuity commenced after October 1, 1956, the survivor's annuity would be increased by 6 1/10%.
12. Q. I retired and my annuity commenced before October 1, 1956. If I should die after December 1, 1965, will the survivor annuity payable at my death be increased?
- A. Yes. The annuity payable upon death to the qualified survivor(s) will be increased by the same percentage as the retired annuitants' in this case by 11 1/10 percent. Had the annuitant retired with annuity commencing after October 1, 1956, the increase in survivor annuity would be 6 1/10 percent.
13. Q. Are survivors of active employees who die after December 1, 1965, affected by the new law?
- A. Yes. Qualified children of employees who die on or after December 1 will have their survivor annuities increased by 6 1/10%. However, this increase will not apply to a widow's annuity. (The reason for the difference is that a widow's annuity is based on the employee's high-5 average salary and therefore reflects cost-of-living increases in salary rates, but a child's annuity is in a fixed amount which does not reflect these salary increases.)
14. Q. I am now an employee and am eligible for retirement. What is the latest date on which I can retire on an immediate annuity and get the 6 1/10% annuity increase?
- A. November 30, 1965. The increase applies only to annuities which commence no later than December 1, 1965. Since annuities to employees who qualify for immediate retirement commence the day after retirement, anyone who retires as late as November 30, 1965, will have his annuity commence December 1, 1965, and will get the increase. The annuity of any employee who retires on or after December 1, 1965, must commence after that date, and he will not be eligible for the 6 1/10% increase.
15. Q. If I retire on or before November 30, 1965, will I also get the 2% increase which is payable under a previous law to employees who retire during 1965?
- A. Yes. Under the previous law and the new law, the annuity of an employee who retires on or before November 30, 1965, is increased twice.

16. Q. How will these increases be computed?

- A. The regular monthly annuity is first increased by the 2% under the previous law and adjusted to the nearest dollar. The new adjusted rate is then increased by 6 1/10% and again adjusted. For example:

Regular monthly annuity -----	\$ 380.00
Increase under previous law -----	<u>x 2%</u>
Amount of increase under previous law -----	\$ 7.60
Regular monthly annuity -----	<u>+\$ 380.00</u>
Annuity as increased under previous law -----	\$ 387.60
Adjusted annuity as increased under previous law -----	\$ 388.00
Increase under the new law -----	<u>x 6.1%</u>
Amount of increase under the new law -----	\$ 23.67
Adjusted annuity as increased under previous law -----	<u>+\$ 388.00</u>
New unadjusted monthly rate -----	\$ 411.67
Adjusted annuity as increased under new law -----	\$ 412.00

17. Q. Does the new law grant an annuity increase to employees who retire on or after December 1, 1965.

- A. No. Employees who retire between December 1, 1965, and December 30, 1965, will get only the 2% increase under the previous law. Employees who retire between December 31, 1965, and December 30, 1966, will get only a 1% increase under the previous law. Except as explained in answer to the next question, no annuity increases are provided for employees who retire on or after December 31, 1966.

18. Q. How does the new law provide for cost-of-living increases?

- A. The increases which are effective December 1, 1965, cover the rise in living costs since the last annuity increase. In the future, whenever the cost of living, nationwide, goes up by at least 3% over the monthly price index used as a basis for the last previous cost-of-living annuity increase, and stays up for at least three months in a row, an increase equal to the percentage rise in living costs will be granted automatically.

UNITED STATES CIVIL SERVICE COMMISSION
Bureau of Retirement and Insurance

Washington, D. C. 20415

September 28, 1965

Effect of Recent Legislation on Federal Employees Considering Retirement

The recently enacted Civil Service Retirement legislation (Public Law 89-205) increases annuities by 6.1% for employees who retire on or before November 30, 1965.

The Commission has had numerous inquiries from employees asking how much longer they would have to remain in active employment after November, 1965 before their annuity, without the increase, would come back up to the amount they could get by retiring in November. The answer to this question is affected by many factors which vary widely with the individual. These factors include: (1) Amount of salary increases in past 5 years; (2) Expected future salary increases; (3) Total past creditable service; (4) Employee's age if he is now between 55 and 59.

In addition, it must be remembered that under a 1962 law, a 2% increase in annuities is provided for employees retiring in 1965, while 1966 retirees receive only 1 percent and retirees in 1967 or after receive none.

Because all these variables must be considered, no simple formula can be used. However, the following table gives a rough approximation of the additional service required.

Approximate Number of Months of Additional Service Required after November, 1965 to Produce Annuity Equal to Amount Payable if Employee Retires November 30, 1965

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Notes on Use of Table

Column A assumes no past or future salary increases. This is improbable in any individual case, but Column A shows the maximum number of months of additional service that would be required in any case.

Column B assumes a "normal" pattern of past and future salary increases which would fit most employees.

Column C assumes, that in addition to past statutory increases, the employee has in the past or will in the future receive promotions which substantially increase his high-5 average salary.

